RATINGS:

Series A Note Participations	Series B-1 Note Participations	Series B-2 Note Participations
Fitch: "F1+"	S&P: "SP-1+"	S&P: "SP-1"
Moody's: "MIG 1"		
S&P: "SP-1+"		

(See "RATINGS" herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Participants, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes represented by the Note Participations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Notes represented by the Note Participations and excluded from gross income may depend on the taxpayer's election under Internal Revenue Service Notice 94-84. In the further opinion of Bond Counsel, interest on the Notes represented by the Note Participations is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Note Participations. See "TAX MATTERS" herein.

$332,260,000
COUNTY OF SAN DIEGO AND SAN DIEGO COUNTY SCHOOL DISTRICTS
TAX AND REVENUE ANTICIPATION NOTE PROGRAM
NOTE PARTICIPATIONS, SERIES 2009

Evidencing and Representing Proportionate and Undivided Interests of the Owners Thereof in 2009-10 Tax and Revenue Anticipation Notes of the County of San Diego, California and Certain School Districts within San Diego County

$220,000,000	$63,185,000	$49,075,000
Series A	Series B-1	Series B-2
Interest Rate: 2.00%	Interest Rate: 2.00%	Interest Rate: 2.00%
Yield: 0.37%	Yield: 0.80%	Yield: 1.00%
CUSIP†: 797381 AW0	CUSIP†: 797381 AX8	CUSIP†: 797381 AY6

Dated: July 1, 2009 **Due: June 30, 2010**

Each Series of the Note Participations (as hereinafter defined) will be delivered as fully registered certificates, without coupons, and when delivered will be registered in the name of The Depository Trust Company, New York, New York ("DTC"), or its nominee. DTC will act as securities depository for the Note Participations. Individual purchases of beneficial interests in the Note Participations will be made in book-entry form only and in the principal amount of $5,000 or any integral multiple thereof. Purchasers of such beneficial interests will not receive physical delivery of the Note Participations. Principal of and interest on the Notes represented by the Note Participations will be payable on the maturity date set forth above by the Trustee to DTC. DTC will in turn remit such principal and interest to the DTC Participants (as hereinafter defined), who will in turn remit such principal and interest to the Beneficial Owners (as hereinafter defined) of the Note Participations. See "DESCRIPTION OF THE NOTE PARTICIPATIONS - Book-Entry System" herein.

The Note Participations will not be subject to prepayment prior to maturity.

The Note Participations of each Series are being issued pursuant to the terms of three separate Trust Agreements, each dated as of July 1, 2009 (each a "Trust Agreement" and collectively the "Trust Agreements"), the first of which is by and between the County of San Diego (the "County") and Wells Fargo Bank, National Association (the "Trustee") (the "Series A Trust Agreement") with respect to $220,000,000 Series A Note Participations (the "Series A Note Participations"), the second of which is by and among the County, certain of the Districts identified herein under "THE PARTICIPANTS" (the "Series B-1 Participants") and the Trustee (the "Series B-1 Trust Agreement") with respect to $63,185,000 Series B-1 Note Participations (the "Series B-1 Note Participations"), and the third of which is by and among the County, certain of the Districts identified herein under "THE PARTICIPANTS" (the "Series B-2 Participants" and, together with the Series B-1 Participants, the "Series B Participants"; the Series B Participants and the County are referred to herein as the "Participants") and the Trustee (the "Series B-2 Trust Agreement") with respect to $49,075,000 Series B-2 Note Participations (the "Series B-2 Note Participations" and, together with Series B-1 Note Participations, the "Series B Note Participations"; the Series A Note Participations and the Series B Note Participations are referred to herein as the "Note Participations"). Each Series of the Note Participations matures on June 30, 2010, and evidences and represents a proportionate and undivided interest in certain designated 2009-10 Tax and Revenue Anticipation Notes (individually, a "Note" and collectively, the "Notes") issued by the County on behalf of all Participants, and debt service payments on the Notes to be made by the Participants. The Notes are being issued to provide operating cash for the Participants' working capital expenditures and the investment and reinvestment of funds for the Participants prior to the receipt of anticipated tax payments and other revenues attributable to Fiscal Year 2009-10. Each Participant has pledged certain Unrestricted Revenues as described herein for the payment of the principal of and interest on its respective Note, provided that no Participant has any obligation to pay the principal of or interest on the Note of any other Participant. The Notes are general obligations of the respective Participants and, to the extent the Notes are not paid from revenues pledged for the payment of the Notes, the Notes shall be paid with interest thereon from any other moneys of the Participants lawfully available therefor.

Payments by a Participant of the principal of and interest on its Note shall fully discharge the obligation of such Participant to the Owners of the Note Participations, notwithstanding nonpayment by one or more other Participants. **The obligation of each Participant is a several and not a joint obligation and is strictly limited to such Participant's repayment obligation under its applicable Note Resolution and Note.**

THE NOTE PARTICIPATIONS ARE LIMITED OBLIGATIONS OF EACH PARTICIPANT PAYABLE SOLELY FROM CERTAIN FUNDS PLEDGED UNDER THE TRUST AGREEMENT. THE OBLIGATION OF EACH PARTICIPANT TO PAY PRINCIPAL OF AND INTEREST ON THE NOTE PARTICIPATIONS DOES NOT CONSTITUTE A DEBT OF THE PARTICIPANT, THE COUNTY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Note Participations will be offered in book-entry form when, and if executed and delivered, subject to approval as to their legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. It is anticipated that the Note Participations, in book-entry form, will be available for delivery through the facilities of DTC on or about July 1, 2009.

Citi **J.P. Morgan**

Dated: June 16, 2009

† CUSIP data, American Bankers Association. CUSIP data are set forth for convenience of reference only. Neither the County nor the Underwriters assume any responsibility for the accuracy of such data.

SERIES A NOTE PARTICIPANT

County of San Diego

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SERIES B-1 NOTE PARTICIPANTS

Bonsall Union School District
Cardiff School District
Carlsbad Unified School District
Chula Vista Elementary School District
Del Mar Unified School District
Encinitas Union School District
Escondido Union Elementary School District
La Mesa-Spring Valley School District
Ramona Unified School District
San Dieguito Union High School District
Vista Unified School District

SERIES B-2 NOTE PARTICIPANTS

Fallbrook Union High School District
National School District
Oceanside Unified School District
Poway Unified School District
San Ysidro School District
Santee School District

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COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS

Greg Cox	First District
Dianne Jacob, Chairwoman	Second District
Pam Slater-Price, Vice-Chairwoman	Third District
Ron Roberts	Fourth District
Bill Horn	Fifth District

******

COUNTY OFFICIALS

Walter F. Ekard, *Chief Administrative Officer*
Dan McAllister, *Treasurer-Tax Collector*
Donald F. Steuer, *Chief Financial Officer*
Tracy M. Sandoval, *Auditor & Controller*
John J. Sansone, *County Counsel*

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SPECIAL SERVICES

Bond Counsel
Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Trustee
Wells Fargo Bank, National Association
Los Angeles, California

Financial Advisor to School District Participants
Greencoast Capital Partners LLC
Los Angeles, California

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement in connection with the offers made hereby and, if given or made, such information or representation must not be relied upon as having been authorized by the Participants. This Official Statement does not constitute an offer to sell the Note Participations in any state or other jurisdiction to any person to whom it is unlawful to make such an offer in such state or jurisdiction.

This Official Statement is not to be construed as a contract with the purchasers of the Note Participations. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein has been provided by the Participants and other sources that are believed by the Participants to be reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expression of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Participants since the date hereof. This Official Statement is submitted with respect to the sale of the Note Participations referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the County. All summaries of the Note Participations, the Notes, the Note Resolutions, the Trust Agreements, the Guaranteed Investment Contract, if any (each as defined herein), and other documents, are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Preparation of this Official Statement and its distribution have been duly authorized and approved by the Participants.

This Official Statement is submitted in connection with the execution and delivery of the Note Participations referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTE PARTICIPATIONS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE NOTE PARTICIPATIONS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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$332,260,000
COUNTY OF SAN DIEGO AND SAN DIEGO COUNTY SCHOOL DISTRICTS
TAX AND REVENUE ANTICIPATION NOTE PROGRAM
NOTE PARTICIPATIONS, SERIES 2009

Evidencing and Representing Proportionate and Undivided Interests of the Owners Thereof in 2009-10 Tax and Revenue Anticipation Notes of the County of San Diego, California and Certain School Districts within San Diego County

$220,000,000	**$63,185,000**	**$49,075,000**
SERIES A	**SERIES B-1**	**SERIES B-2**

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and is qualified by a more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents described herein. References to and summaries of provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions.

This Official Statement, including the cover page, table of contents and appendices, sets forth certain information concerning the $332,260,000 aggregate principal amount of the County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program Note Participations, Series 2009 comprised of $220,000,000 Series A Note Participations maturing on June 30, 2010 (the "Series A Note Participations"), $63,185,000 Series B-1 Note Participations maturing on June 30, 2010 (the "Series B-1 Note Participations") and $49,075,000 Series B-2 Note Participations maturing on June 30, 2010 (the "Series B-2 Note Participations" and, together with Series B-1 Note Participations, the "Series B Note Participations"). The Series A Note Participations and the Series B Note Participations are sometimes together referred to as the "Note Participations." Each Series of Note Participations evidences and represents proportionate and undivided interests of the owners thereof in certain 2009-10 Tax and Revenue Anticipation Notes (individually, a "Note" and collectively, the "Notes") issued by the County of San Diego (the "County") on behalf of itself and on behalf of the various school districts, as further described under the "THE PARTICIPANTS" herein (the "Districts" and collectively with the County, the "Participants") located in San Diego County, California, and the debt service payments on the Notes to be made by the Participants. Each Note is issued pursuant to Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Government Code") and in accordance with separate resolutions adopted by the Board of Supervisors of the County (the "Board") on behalf of each Participant (each, a "Note Resolution" and collectively, the "Note Resolutions").

The Note Participations of each Series are being issued pursuant to the terms of three separate Trust Agreements, each dated as of July 1, 2009 (each a "Trust Agreement" and collectively the "Trust Agreements"), the first of which is by and between the County (the "Series A Participant") and Wells Fargo Bank, National Association (the "Trustee") (the "Series A Trust Agreement") with respect to the Series A Note Participations, the second of which is by and among the County, certain of the Districts identified herein under "THE PARTICIPANTS" (the "Series B-1 Participants") and the Trustee (the "Series B-1 Trust Agreement") with respect to the Series B-1 Note Participations and the third of which is by and among the County, certain of the Districts identified herein under "THE PARTICIPANTS" (the "Series B-2 Participants" and, together with the Series B-1 Participants, the "Series B Participants"; the Series B Participants and the Series A Participant are referred to herein as the "Participants") and the Trustee (the "Series B-2 Trust Agreement") with respect to the Series B-2 Note Participations. The Participants will determine the principal amount of their respective Notes upon execution by the County on behalf of all Participants of the respective Purchase Agreement. See APPENDIX A – "COUNTY OF

SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION” and APPENDICES B, C and D for a summary description of certain information respecting each Participant.

The Note Participations will be executed and delivered in an aggregate principal amount equal to the aggregate principal amount of the Notes. The Notes represented by the Series A Note Participations are being issued to provide operating cash for the County’s current working capital expenditures, capital expenditures and the investment and reinvestment of funds prior to the receipt of anticipated tax payments and other revenues. The Notes represented by the Series B Note Participations are being issued to provide operating cash for the current working capital expenditures, capital expenditures and the investment and reinvestment of funds prior to the receipt of anticipated tax payments and other revenues for the respective Districts. Imbalances in the Participants’ cash flows, resulting from the timing of expenditures and receipts, require that the Participants borrow funds to meet all scheduled disbursements, including current expenses, capital expenditures, and the discharge of other obligations or indebtedness of the Participants.

Each Participant has pledged, pursuant to Section 53856 of the Government Code and its respective Note Resolution for the payment of principal of and interest on its respective Note, certain Unrestricted Revenues (as hereinafter defined, the “Pledged Revenues”) which are received or held by the Participant and are attributable to the 2009-10 Fiscal Year, and the principal of its Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the first moneys received by the Participant from such Pledged Revenues and, to the extent not so paid, shall be paid from any other taxes, income, revenue, cash receipts and other moneys of the Participant lawfully available therefor (all as provided for in Sections 53856 and 53857 of the Government Code). The term “Unrestricted Revenues” shall mean all taxes, income, revenue (including, but not limited to, revenue from the State and federal governments), cash receipts, and other moneys, which are generally available for the payment of current expenses and other obligations of the Participant. The Owners (as defined below) shall have a first lien and charge on such Unrestricted Revenues as provided in the respective Trust Agreement which are received or held by the Participant and are attributable to the 2009-10 Fiscal Year. Notwithstanding the foregoing, the terms “Unrestricted Revenues” and “Pledged Revenues” shall exclude moneys which, when received by the Participant, will be encumbered for a special purpose unless an equivalent amount of the proceeds of the related Participant’s Note is set aside and used for said special purpose. **Notwithstanding the foregoing, Unrestricted Revenues pledged by the Participants to the payment of the Notes represented by their respective Participations as Pledged Revenues shall not include any amounts pledged by the Participants to the payment of any temporary transfer of funds by the Treasurer-Tax Collector of the County (the “Treasurer-Tax Collector”) pursuant to Section 6 of Article XVI of the California Constitution (the “Temporary Transfers”), which transfers are referred to as Treasurer’s Loans from time to time.**

Each Participant has agreed pursuant to its respective Note Resolution to cause to be deposited with the Trustee an amount, together with interest earnings thereon, equal to the principal amount of and interest due on its respective Note from Pledged Revenues received by the Participant in certain sequentially numbered Repayment Months (as defined in the respective Trust Agreements and in the respective Notes). See “SOURCES OF PAYMENT FOR THE NOTE PARTICIPATIONS” below.

No Participant has any obligation to pay the principal of or interest on the Note of any other Participant. The Notes are general obligations of the respective Participants and, to the extent the Notes are not paid from such Pledged Revenues, the Notes shall be paid, with interest thereon, from any other moneys of the respective Participants lawfully available therefor pursuant to Section 53857 of the Government Code. The obligation of each Participant is a several and not a joint obligation and is strictly limited to such Participant’s repayment obligation under its applicable

Note Resolution and Note. See "SOURCES OF PAYMENT FOR THE NOTE PARTICIPATIONS" herein.

Additional notes may be issued by Participants upon satisfaction of certain conditions in the Participant's respective authorizing resolutions. See "SOURCES OF PAYMENT FOR THE NOTE PARTICIPATIONS."

All quotations from and summaries and explanations of provisions of the laws of the State of California (the "State") and acts and proceedings of the Participants contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Note Participations, the Notes, the Note Resolutions and the proceedings of the Participants relating thereto, are qualified in their entirety by reference to the definitive forms of the Note Participations, the Notes and such proceedings. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the respective Trust Agreement and, where the context indicates, the respective Note Resolution.

THE TRANSACTION

On the date of issuance of the Notes and the execution and delivery of the Note Participations (the "Closing Date") the following transactions shall occur simultaneously in accordance with the respective Trust Agreement: (a) the County shall deposit each respective Note, on behalf of itself and/or of each Participant, in trust with the Trustee, who shall hold such Notes in trust until their maturity; (b) the Trustee shall execute and deliver the related Note Participations, registered in the name of The Depository Trust Company, New York, New York ("DTC"), or its nominee, for the benefit of the beneficial owners of interests in the Note Participations described herein ("Beneficial Owners"); and (c) the proceeds of the Note Participations shall be deposited and disbursed as set forth in the respective Trust Agreement.

The purchase price for the Notes shall be derived solely from the proceeds received from the sale of the Note Participations, which shall be an amount equal to the principal amount of the Notes, less any discount and plus any premium. The Note Participations shall represent undivided, proportionate interests in the Notes and the debt service payments to be made by the Participants under the Notes. Principal and interest payments made by the Participants to the Trustee shall be remitted by wire transfer to DTC or its nominee which in turn will remit such payments to participants in DTC ("DTC Participants") for subsequent disbursement to the Beneficial Owners. See "DESCRIPTION OF THE NOTE PARTICIPATIONS – Book-Entry System" herein. Pursuant to the applicable Trust Agreement, the Trustee agrees to transfer all such debt service payments as may be received from the related Participants to DTC, as Registered Owner of the Note Participations (the "Owner"), and the Trustee agrees to hold the Notes until their maturity for the benefit of the Beneficial Owners. Neither the Trustee nor the Participants shall have any further liability with respect to payments of principal of and interest on the Notes represented by the Note Participations or any fiduciary responsibility to the Owners or the Beneficial Owners except as expressly set forth in the applicable Trust Agreement or the terms of the Note Participations. See "SUMMARY OF THE TRUST AGREEMENTS" herein.

DESCRIPTION OF THE NOTE PARTICIPATIONS

The Note Participations

Each Series of Note Participations will be executed and delivered as fully registered certificates, without coupons. The Note Participations will be dated, will mature and will have an interest component calculated at the rates per annum, all as shown on the cover page hereof. Principal with respect to the Notes will be payable on the Maturity Date (as defined in each Participant's Note). Principal and interest with respect to the Notes will be payable on their respective Maturity Dates (as defined in each Participant's Note). Principal of and interest due on each Series of the Notes represented by the respective Note Participations will be payable by the Trustee to DTC, which will in turn remit such principal and interest to the DTC Participants. It is the responsibility of the DTC Participants to remit such principal and interest to the Beneficial Owners. See "Book-Entry System" below. The Note Participations and the Notes evidenced thereby are not subject to redemption prior to maturity.

Book-Entry System

The information hereunder concerning DTC and DTC's book-entry system has been obtained from DTC and the Participants; the Trustee and the Underwriters take no responsibility for the completeness or accuracy thereof. The Participants, the Trustee and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest and principal with respect to the Note Participations, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Note Participations, or (c) notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Note Participations, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described hereunder. The current "Rules" applicable to DTC are on file with the U.S. Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Note Participations. The Note Participations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note Participation certificate will be issued for each series of the Note Participations, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's ("Standard & Poor's") highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Note Participations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Note Participations on DTC's records. The ownership interest of each actual purchaser of each Note Participation ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Note Participations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Note Participations, except in the event that use of the book-entry system for the Note Participations is discontinued.

To facilitate subsequent transfers, all Note Participations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Note Participations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Note Participations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Note Participations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Note Participations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Note Participations, such as redemptions, tenders, defaults, and proposed amendments to the Note Participation documents. For example, Beneficial Owners of the Note Participations may wish to ascertain that the nominee holding the Note Participations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Note Participations within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Note Participations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Participants as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Note Participations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Note Participations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit

Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Participants or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Participants, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Participants or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NEITHER THE PARTICIPANTS NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF NOTE PARTICIPATIONS FOR PREPAYMENT.

The Participants, the Trustee and the Underwriters cannot or do not give any assurances that DTC, the DTC Participants or others will distribute payments of principal or interest on the Note Participations paid to DTC or its nominee as the registered owner, or will distribute any notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The Participants, the Trustee and the Underwriters are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Note Participations or an error or delay relating thereto.

DTC may discontinue providing its services as depository with respect to the Note Participations at any time by giving reasonable notice to the Participants or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Note Participation certificates are required to be printed and delivered.

The Participants may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note Participation certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Participants believe to be reliable, but the Participants takes no responsibility for the accuracy thereof.

SOURCES OF PAYMENT FOR THE NOTE PARTICIPATIONS

The Notes

Each Series of Note Participations evidences and represents proportionate and undivided interests in the Series A Notes or Series B Notes, as appropriate, and in debt service payments attributable to such Series of Note Participations to be made thereon by the respective Participants. The Notes are general obligations of the respective Participants and, to the extent not paid from the pledged moneys herein described, shall be paid from any other moneys of the Participants lawfully available therefor. However, except for the Pledged Revenues described herein, the Participants are not prohibited from pledging, encumbering and utilizing other moneys for other purposes and there can be no assurance that such other moneys will be available for the payment of the principal of and interest on the Notes represented by the

Note Participations and the Notes evidenced thereby. **No Participant has any obligation to pay the principal of or interest on the Note of any other Participant.**

The Notes represented by the Series A Note Participations are secured by the Pledged Revenues of the County as described herein. See APPENDIX A – "COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION" for more information on the County.

The Notes represented by the Series B Note Participations are secured by the Pledged Revenues as described herein of the Series B Note Participants. See APPENDIX B – "INFORMATION REGARDING THE DISTRICTS" for more information on the Districts.

Pledged Revenues

As security for the Notes, the Participants have each pledged certain Unrestricted Revenues (as hereinafter defined, the "Pledged Revenues") which are received or held by the Participant and are attributable to the 2009-10 Fiscal Year, and the principal of the respective Notes and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the first moneys received by the Participant from such Pledged Revenues, and, to the extent not so paid, shall be paid from any other taxes, income, revenue, cash receipts and other moneys of the Participant lawfully available therefor (all as provided for in Sections 53856 and 53857 of the Government Code). The term "Unrestricted Revenues" shall mean all taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys, which are generally available for the payment of current expenses and other obligations of the Participant. The Owners shall have a first lien and charge on such Unrestricted Revenues as provided in the respective Trust Agreement which are received or held by the Participant and are attributable to the 2009-10 Fiscal Year. Notwithstanding the foregoing, the terms "Unrestricted Revenue" and "Pledged Revenues" shall exclude moneys which, when received by a Participant, will be encumbered for a special purpose unless an equivalent amount of the proceeds of its Note is set aside and used for said special purpose. **Notwithstanding the foregoing, Unrestricted Revenues pledged by the County to the payment of the Notes represented by the Series A Note Participations as Pledged Revenues shall not include any amounts pledged by the County to the payment of the Treasurer Temporary Transfers.**

To effect the pledge referred to in the preceding paragraph, each Participant has agreed pursuant to its respective Note Resolution to the establishment and maintenance by the Trustee of a Payment Account as a special fund of such Participant (each, a "Payment Account") within the Note Participation Payment Fund under the applicable Trust Agreement. Each Participant has agreed to cause to be deposited directly in its Payment Account on the Repayment Dates (as defined in such Participant's Note) Pledged Revenues until the amount on deposit in such account, taking into consideration anticipated investment earnings thereon to be received by the Maturity Date, is equal on the respective Repayment Dates to the percentages of the principal of the Note due at maturity and interest due on the Note on the Payment Dates. In the event that on each such Repayment Date, such Participant has not received an amount sufficient to deposit into its Payment Account the full amount of Pledged Revenues, then the amount of any deficiency will be satisfied and made up from any other moneys of such Participant lawfully available for the payment of the principal of its Note and the interest thereon, as and when such other moneys are received or are otherwise legally available as described in APPENDIX E – "SCHEDULE OF PLEDGED REVENUE DEPOSITS" herein.

On each Payment Date, the moneys in the respective Payment Accounts shall be transferred by the Trustee, to the extent necessary, to pay the interest on, or principal of and interest on, the Notes, as applicable. In the event that moneys in any Payment Account are insufficient to pay the interest on, or the principal of and interest on, the related Note in full on the applicable Payment Date, moneys in such

Payment Account shall be applied first to pay interest on the related Note and second to pay principal of the related Note.

Payment Accounts

In accordance with the provisions of the applicable Trust Agreement, all principal and interest payments on the Notes received by the Trustee shall be held in trust by the Trustee under the terms of the respective Trust Agreement and shall be deposited by it, as and when received, in the appropriate Payment Account within the Note Participation Payment Fund established thereunder, and all money in such fund shall be held in trust by the Trustee for the benefit of the Participant submitting such money until deposited for the payment of principal and interest in connection with the applicable Series of Note Participations, whereupon such money shall be held in trust in such accounts by the Trustee for the benefit and security of the Owners as set forth in the applicable Trust Agreement. Pursuant to each Note Resolution, each Participant is required to deposit amounts with the Trustee on the dates identified as such Participant's Repayment Dates until the amount on deposit in such Participant's Payment Account, taking into consideration anticipated investment earnings thereon to be received by the Maturity Date, is equal in the respective Repayment Months identified in the Pricing Confirmation to the percentages of the interest, or the principal and interest, as applicable, due on such Participant's Note on each Payment Date. Pursuant to each Participant's Note Resolution, the maximum number of Repayment Dates for each Participant shall be six. If any Participant fails to make the required deposits, the Trustee shall as soon as practical (but in any event within five Business Days) notify such Participant of such failure. If the Trustee receives Payment Account deposits from a Participant in excess of the amounts required to pay the principal of and interest due on such Participant's Note on the Principal Payment Date, such excess amounts shall remain in the appropriate Participant's Payment Account in the Note Participation Payment Fund and shall be transferred to such Participant following payment of the amount of Note Participations evidencing and representing such Participant's Note. **The Participants, to the extent they have any interest in such fund, pledge, transfer, assign and grant a lien on and a security interest in the Note Participation Payment Fund and their respective Payment Account therein to the Trustee for the benefit of the Owners. Moneys in any Participant's Payment Account will neither be available nor used in any manner (directly or indirectly) to make up any deficiency in the Payment Account of another Participant or for payment of principal of and interest on any other Participant's Note.**

Expedited Procedure for Deposits into Payment Accounts

Each Participant has covenanted to cause its funds, to the extent available, to be transferred by the County Treasurer-Tax Collector from its general fund at the County Treasurer-Tax Collector's office, or from the Participant's Proceeds Subaccount (as hereinafter defined) held by the Trustee, for deposit and credit to such Participant's Payment Account under the applicable Trust Agreement, in an amount equal to the principal and interest due on the Participant's Note on each Repayment Date. Unless otherwise instructed by the Participant, the Trustee shall first cause the respective Participant's funds, to the extent available, to be transferred from the Participants' general fund at the County Treasurer-Tax Collector's office to the Participant's Payment Account. The Trustee shall cause the balance, if any, required to be transferred in each Repayment Month to be deposited into each Participant's respective Proceeds Subaccount.

Additional Notes

An additional note (the "Additional Note") may be issued by any Participant in conjunction with the note or notes of one or more other Participants as part of the County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program and within the meaning of Section 53853 of the Government Code, upon the determination of such Participant at the time of issuance of the Additional Note that participation in such program is in the best financial interests of such Participant. The issuance of the Additional Note shall also be subject to the following conditions:

(1) receipt of confirmation from Fitch Ratings ("Fitch"), Moody's Investors Service ("Moody's") and Standard & Poor's (each an "Agency") (if such respective Agency rated the Note previously issued by such Participant) that the issuance of the Additional Note will not cause a reduction or withdrawal in such Agency's rating on the Note previously issued by such Participant; and

(2) receipt of an opinion of Bond Counsel to the effect that the interest on the Additional Note is excludable from gross income for federal income tax purposes.

SUMMARY OF THE NOTE RESOLUTIONS

Covenants of the Participants

In its respective Note Resolution, each Participant has approved and authorized, on its behalf, the execution of the respective Trust Agreement and its respective Note and has represented or covenanted, among other things, the following:

(A) That the Participant has (or will have prior to the issuance of its Note) duly, regularly and properly adopted a preliminary budget for Fiscal Year 2009-10 setting forth expected revenues and expenditures and has complied with all statutory and regulatory requirements with respect to the adoption of such budget;

(B) That the sum of the principal amount of the Participant's Note plus the interest payable thereon, on the date of its issuance, will not exceed fifty percent (50%) of the estimated amounts of such Participant's uncollected taxes, income, revenue (including, but not limited to, revenue from the State and federal governments), cash receipts, and other moneys to be received by such Participant for the general fund of such Participant attributable to Fiscal Year 2009-10, all of which will be legally available to pay principal of and interest on the Note;

(C) That the County has experienced an *ad valorem* property tax collection rate of not less than eighty-five percent (85%) of the average aggregate amount of *ad valorem* property taxes levied within the Participant's boundaries in each of the last five fiscal years for which information is available, and such Participant, as of the date of adoption of its Note Resolution and on the date of issuance of its Note, reasonably expects the County to collect at least eighty-five percent (85%) of such amount for Fiscal Year 2009-10;

(D) That the Participant (i) has not defaulted within the past 20 years, and is not currently in default, on any debt obligation and (ii) to the best knowledge of such Participant, has never defaulted on any debt obligation;

(E) That the Participant and its appropriate officials have duly taken, or will take, all proceedings necessary to be taken by them, if any, for the levy, receipt, collection and enforcement of the Pledged Revenues in accordance with law for carrying out the provisions of its Note Resolution and its Note;

(F) That the Participant shall not incur any indebtedness secured by a pledge of its Unrestricted Revenues unless such pledge is subordinate in all respects to the pledge of Unrestricted Revenues under its Note Resolution, with the exception of the Treasurer Temporary Transfers; and

(G) That the Participant will maintain a positive general fund balance in Fiscal Year 2009-10.

Events of Default

Pursuant to each respective Participant's Resolution, if any of the following events occurs, it is defined as and declared to be and to constitute an "Event of Default" under such Note Resolution:

(A) Failure by the Participant to make or cause to be made the deposits to its Payment Account or any other payment required to be paid under its Note Resolution on or before the date on which such deposit or other payment is due and payable;

(B) Failure by the Participant to observe and perform any covenant, condition or agreement on its part to be observed or performed under its Note Resolution, for a period of 15 days after written notice, specifying such failure and requesting that it be remedied, is given to the Participant by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration;

(C) Any warranty, representation or other statement by or on behalf of the Participant contained in its Note Resolution or the Purchase Agreement (including its Pricing Confirmation), or in any instrument furnished in compliance with or in reference to its Note Resolution or the Purchase Agreement or in connection with its Note, is false or misleading in any material respect;

(D) A petition is filed against the Participant under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect and is not dismissed within 30 days after such filing, but the Trustee shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Owners' interests;

(E) The Participant files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law; and

(F) The Participant admits insolvency or bankruptcy or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the Participant or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 30 days, but the Trustee shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Owners' interests.

Remedies

Whenever any Event of Default under any Note Resolution shall have happened and be continuing, the Trustee shall, in addition to any other remedies provided under the applicable Note Resolution or by law or under the respective Trust Agreement, have the right, at its option without any further demand or notice, to take one or any combination of the following remedial steps:

(1) Without declaring the affected Note to be immediately due and payable, require the related Participant to pay to the Trustee, for deposit into the Payment Account of the Participant in the Note Participation Payment Fund under the related Trust Agreement, an amount equal to the principal of its Note and interest thereon to maturity, plus all other amounts due under the related Note Resolution, and upon notice to the Participant the same shall become immediately due and payable by the Participant without further notice or demand; and

(2) Take whatever other action at law or in equity (except for acceleration of payment on the Note) which may appear necessary or desirable to collect the amounts then due and thereafter to become due under the related Note Resolution or to enforce any other of its rights under the related Note Resolution.

SUMMARY OF THE TRUST AGREEMENTS

General

Pursuant to the respective Trust Agreement, the Trustee is appointed to act as trustee with respect to each Series of the Note Participations, with the duty to hold each Series of Notes in trust until maturity for the benefit of the Owners of the respective Note Participations. The payments on the Notes shall be used for the punctual payment of the interest and principal evidenced and represented by the related Note Participations, and the Notes of a Series or payments thereon shall not be used for any other purpose while any of the related Note Participations remain Outstanding.

Deposit of the Notes, Note Proceeds and Note Payments

Pursuant to the respective Trust Agreement, each Series of Notes, as evidenced and represented by the respective Series of Note Participations, shall be irrevocably deposited with and pledged and transferred to the Trustee, which is the registered owner of each Note for the benefit of the Owners of the Note Participations and the payments on the Notes shall be used for the punctual payment of the interest and principal evidenced and represented by each Series of Note Participations, and the Notes shall not be used for any other purpose while any Series of Note Participations remain Outstanding. This deposit, transfer and pledge shall constitute a first and exclusive lien on the principal and interest payments of the Notes for the foregoing purpose in accordance with the terms of the respective Trust Agreement.

The Trustee shall execute and deliver the Note Participations evidencing and representing the aggregate principal amount of the Notes. The obligation of each Participant to Owners is a several and not a joint obligation and is strictly limited to the Participant's repayment obligation under its Resolution and its Note. The net proceeds from the sale of the Note Participations will be deposited with the Trustee for the payment of certain costs of issuance and for deposit into the Proceeds Fund and credited to subaccounts of that Fund (the "Proceeds Subaccounts"), one of which shall be established for each of the Participants. All money in the Proceeds Fund shall be held by the Trustee in trust. Moneys in the Proceeds Subaccount of each Participant shall be disbursed to that Participant from time to time, as soon as practical, pursuant to a requisition of the Participant, for any purpose for which the Participant is authorized to expend moneys.

All principal and interest payments on the Notes shall be paid directly by the Participants to the Trustee. All principal and interest payments on the Notes received by the Trustee shall be held in trust by the Trustee under the terms of the applicable Trust Agreement and shall be deposited by it, as and when received, in the appropriate Payment Account within the Note Participation Payment Fund, which fund the Trustee shall maintain so long as any Note Participations are Outstanding, and all money in such fund shall be held in trust by the Trustee for the benefit of the Participant submitting such money until deposited in the Interest Fund and Principal Fund in accordance with the applicable Trust Agreement, whereupon such money shall be held in trust in such funds by the Trustee for the benefit and security of the Owners to the extent provided in the applicable Trust Agreement. Pursuant to each Participant's Note Resolution, each Participant is required to deposit amounts with the Trustee in the months identified as such Participant's Repayment Months. Any such deposit may take into consideration anticipated investment earnings on amounts deposited or in an investment agreement through the Maturity Date. If any Participant fails to make the required deposits, the Trustee shall as soon as practical (but in any event within five Business Days) notify such Participant, S&P and Moody's Investors Service ("Moody's") of such failure.

Upon written instruction from any Authorized District Representative, to the extent that the Trustee holds moneys and/or securities in a Participant's Proceeds Subaccount, there shall be transferred to such Participant's Payment Account in the Note Participation Payment Fund from the Proceeds Subaccount of such Participant in any Repayment Month, the amount stated in such instruction, but not more than an amount equal to the percentages of the principal of and interest due on such Participant's Note at maturity for the corresponding Repayment Month designated on the face of each such Participant's Note.

Investments

Any money held by the Trustee in the Note Participation Payment Fund and the Proceeds Fund may, to the fullest extent practicable, be invested under one or more investment agreement(s) meeting the requirements of the respective Trust Agreements (the "Investment Agreements"); provided that, upon the request of any Participant, moneys held by the Trustee with respect to such Participant's Proceeds Subaccount or Payment Account of such Participant, shall be invested, by the Trustee in any of the other Permitted Investments as described in and under the terms of the respective Trust Agreement. The amounts held in the several Payment Accounts and Proceeds Subaccounts will be accounted for separately by the Trustee. See "INVESTMENT OF PARTICIPANT FUNDS" herein.

The Trustee may act as principal or agent in the acquisition or disposition of any such deposit or investment and may at its sole discretion, for the purpose of any such deposit or investment, commingle any of the moneys held by it under the applicable Trust Agreement. The Trustee shall not be liable or responsible for any loss suffered in connection with any such deposit or investment made by it under the terms of and in accordance with the applicable Trust Agreement. The Trustee may present for redemption or sell any such deposit or investment whenever it shall be necessary in order to provide money to meet any payment of the money so deposited or invested, and the Trustee shall not be liable or responsible for any losses resulting from any such deposit or investment presented for redemption or sold. Any interest or profits on such deposits and investments received by the Trustee shall be credited to the fund or account from which such investment was made.

Moneys held by the Trustee in the Costs of Issuance Fund, Principal Fund and the Interest Fund shall be invested in Permitted Investments as directed by the County, as representative of the Participants, in writing. "Permitted Investments" include each of the following to the extent then permitted by law:

(1) United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are pledged for the payment of interest and principal;

(2) Any obligations which are then legal investments for moneys of the Participants under the laws of the State of California; *provided*, that if such investments are not fully insured by the Federal Deposit Insurance Corporation, such investments shall be, or shall be issued by entities the debt securities of which are, rated in the highest short-term or one of the two highest long-term rating categories by Moody's and Standard & Poor's Rating Service ("S&P"), including any fund for which the Trustee, or any of its affiliates provides management, advisory, or sponsorship service;

(3) Units of a money-market fund portfolio composed of obligations either issued by United States government sponsored enterprises or guaranteed by the full faith and credit of the United States of America rated in one of the two highest rating categories by Moody's and S&P; including any fund for which the Trustee or any of its affiliates provides management, advisory or sponsorship services;

(4) An investment agreement, including a repurchase agreement, with a financial entity, or with a financial entity whose obligations are guaranteed or insured by a financial entity, whose senior debt or investment contracts or obligations under its investment contracts are rated in one of the two highest long-term rating categories by Moody's and S&P or whose commercial paper rating is in the highest rating category of each such rating agencies or is collateralized by investments listed in subsection (1) hereof as required by S&P and Moody's to be rated in one of the two highest rating categories;

(5) The San Diego County Investment Pool;

(6) Any securities required or permitted to be used to collateralize an investment agreement, to the extent such securities are used to collateralize an investment agreement; or

(7) Any other investment rated in one of the two highest rating categories by Moody's and S&P approved by the Credit Provider (as defined in the Trust Agreement) and the County.

Events of Default

If any default in the payment of principal of or interest on a Note or any other "Event of Default" defined in a Note Resolution shall occur and be continuing, or if any default shall be made by a Participant in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the applicable Trust Agreement and such default shall have continued for a period of thirty (30) days after written notice thereof shall have been given to such Participant by the Trustee or the Owners of not less than a majority in aggregate principal amount evidenced and represented by the Note Participations at the time Outstanding, then such default shall constitute an "Event of Default" under the applicable Trust Agreement, and in each and every such case during the continuance of such Event of Default the Trustee or the Owners of not less than a majority in aggregate principal amount evidenced and represented by the Note Participations at the time Outstanding shall be entitled, upon notice in writing to such Participant, to exercise the remedies provided to the owner of the Note then in default or under the Note Resolution pursuant to which it was issued; provided, that nothing contained in the applicable Trust Agreement shall affect or impair the right of action of any Owner to institute suit directly against the respective Participant to enforce payment of the obligation evidenced and represented by such Owner's Note Participation.

The Owners of Note Participations, for purposes of the Trust Agreements and the Note Resolutions, to the extent of their interests, shall be treated as owners of the Notes and shall be entitled to all rights and security of the owners of Notes pursuant to each Note and Note Resolution and each respective Trust Agreement, and shall be treated for all purposes as owners of the Notes. The Trustee shall have the right: (a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights under the applicable Trust Agreement against any Participant or any trustee, member, officer or employee thereof, and to compel such Participant or any such trustee, member, officer or employee thereof to observe or perform its or his duties under applicable law and the agreements, conditions, covenants and terms contained in the applicable Trust Agreement, or in the applicable Note and Note Resolution, required to be observed or performed by it or him; (b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or (c) by suit in equity upon the happening of any default under the applicable Trust Agreement to require any Participant and any trustee, member, officer and employee thereof to account as the trustee of any express trust.

Application of Funds Upon Event of Default

All moneys received by the Trustee pursuant to any right given or action taken upon the occurrence of an Event of Default pursuant to the applicable Trust Agreement shall be deposited into the segregated Payment Account of the Note Participation Payment Fund relating to the defaulting Participant's Note and be applied by the Trustee after payment of its costs in accordance with the applicable Trust Agreement in the following order; *provided* (i) that all amounts in the Credit Fund shall be applied (without regard to payment of the Trustee's costs in accordance with the applicable Trust Agreement) solely to payment of the principal of and interest evidenced and represented by the Note Participations, and *provided*, that the Trustee shall obtain and follow the instructions contained in an Opinion of Counsel and rebate or set aside for rebate from the specified funds held under the applicable Trust Agreement, subject to the prior payment in full of all amounts applicable to the respective Participant specified in clause (ii) above, any amount pursuant to such instructions required to be paid to the United States of America under the Internal Revenue Code of 1986, as amended, and the regulations issued or applicable thereunder:

> *First, Costs and Expenses:* to the payment of the costs and expenses of the Trustee and then of the Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel;
>
> *Second, Interest:* to the payment to the persons entitled thereto of all payments of interest evidenced and represented by the Note Participations then due in the order of the due date of such payments, and, if the amount available shall not be sufficient to pay in full any payment or payments coming due on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and
>
> *Third, Principal:* to the payment to the persons entitled thereto of the unpaid principal evidenced and represented by any Note Participations which shall have become due, in the order of their due dates, with interest on the overdue principal and interest represented by the Note Participations at a rate equal to the Default Rate and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the Note Participations on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

INVESTMENT OF PARTICIPANT FUNDS

Pursuant to the Education Code, the Districts' operating funds are generally deposited into the County Treasury to the credit of the proper fund of the respective Participant. In the case of the Note Participations, the net proceeds attributable to such Participant will be initially credited to subaccounts of the Proceeds Fund, one of which shall be established for each Participant. See also "SUMMARY OF THE TRUST AGREEMENTS – Investments" herein and Appendix A – "COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION – San Diego County Investment Pool" attached hereto.

THE PARTICIPANTS

The County and the Districts participating in the financing herein described and the principal amount of the Note Participations of each Series reflecting the principal amount of the Notes issued on behalf of the Participants are set forth below. One or more Districts may elect to not issue Notes.

Series A Note Participant	Principal Amount
County of San Diego	$220,000,000
Series B-1 Note Participants	**Principal Amounts**
Bonsall Union School District	$ 805,000
Cardiff School District	1,490,000
Carlsbad Unified School District	8,700,000
Chula Vista Elementary School District	13,770,000
Del Mar Unified School District	3,920,000
Encinitas Union School District	2,840,000
Escondido Union Elementary School District	5,000,000
La Mesa-Spring Valley School District	6,980,000
Ramona Unified School District	1,910,000
San Dieguito Union High School District	13,380,000
Vista Unified School District	4,390,000
Subtotal:	$ 63,185,000
Series B-2 Note Participants	**Principal Amounts**
Fallbrook Union High School District	$ 4,915,000
National School District	2,240,000
Oceanside Unified School District	12,920,000
Poway Unified School District	23,570,000
San Ysidro School District	2,590,000
Santee School District	2,840,000
Subtotal:	$ 49,075,000
Total:	$332,260,000

LIMITATIONS ON REMEDIES

The source of repayment of the Note Participations is debt service payments on the respective Notes. A Participant is liable on its Note (even in the event that such Note becomes a Defaulted Note) only to the extent of its available revenues attributable to Fiscal Year 2009-10. If such available revenues are not sufficient to pay its Note or Defaulted Note, as the case may be, such Participant is not obligated to pay such Note or Defaulted Note from any other sources (including subsequent fiscal years' revenues). **The obligation of a Participant to make payments on or in respect of its Note is a several and not a joint obligation and is strictly limited to such Participant's repayment obligation under its Note Resolution and its Note, and to its Pledged Revenues.**

The rights of the Owners of the Note Participations are subject to certain limitations in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the Owners of the Note Participations, and the obligations incurred by the Participants, respectively, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the Note Participations to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of *County of Orange v. Merrill Lynch* that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county, but was not required to directly address the State statute that provides for the lien in favor of holders of tax and revenue anticipation notes. The Participants are in possession of the taxes and other revenues that will be set aside and pledged to repay the Notes evidenced by the Note Participations and, following payment of these funds to the Trustee, these funds will be invested in the name of the Trustee for a period of time in the San Diego County Investment Pool or in an Investment Agreement. In the event of a petition for the adjustment of debts of any of the Participants under Chapter 9 of the federal bankruptcy code, a court might hold that the Owners of the Notes evidenced by the Note Participations do not have a valid and/or prior lien on the Pledged Revenues where such amounts are deposited in the San Diego County Investment Pool or in an Investment Agreement and may not provide the Owners of the Notes evidenced by the Note Participations with a priority interest in such amounts. In that circumstance, unless the Owners could "trace" the funds from the Repayment Fund that have been deposited in the San Diego County Investment Pool or in an Investment Agreement, the Owners would be unsecured (rather than secured) creditors of the Participants. There can be no assurance that the Owners could successfully so "trace" the Pledged Revenues.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Participants, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes represented by the Note Participations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. The amount treated as interest on the Notes represented by the Note Participations and excluded from gross income may depend on the taxpayer’s election under Internal Revenue Service Notice 94-84. In the further opinion of Bond Counsel, interest on the Notes represented by the Note Participations is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX F hereto.

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the payment at maturity on short-term debt obligations (*i.e.*, debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal tax purposes is (i) the stated interest payable at maturity or (ii) the difference between the issue price of the short-term debt obligations and the aggregate amount to be paid at maturity of the short-term debt obligations (the “original issue discount”). The Note Participations may be executed as short-term debt obligations. For this purpose, the issue price of the short-term debt obligations is the first price at which a substantial amount of the short-term debt obligations is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes.

However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of the Note Participations if the Note Participations are executed as short-term debt obligations and if the taxpayer elects original issue discount treatment.

Note Participations purchased, whether at original issuance or otherwise, for an amount higher than their principal amount on the Notes represented by such Note Participations payable at maturity (“Premium Notes”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes represented by the Note Participations. The Participants have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Notes represented by the Note Participants will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes represented by the Note Participations being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Note Participations. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Note Participations may adversely affect the value of, or the tax status of interest on, the Notes represented by the Note Participations. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

One of the covenants of the Participants referred to above requires each Participant that does not qualify as a "small governmental issuer" under the Code to reasonably and prudently calculate the amount, if any, of excess investment earnings on the proceeds of the Note Participations which must be rebated to the United States, to set aside from lawfully available sources sufficient moneys to pay such amounts and to otherwise do all things necessary and within its power and authority to assure that interest on the Notes represented by the Note Participations is excluded from gross income for federal income tax purposes. Under the Code, if each Participant spends 100% of its pro rata share of the proceeds of the Note Participations within six months after initial delivery, there is no requirement that there be a rebate of investment profits in order for interest on the Notes represented by the Note Participations to be excluded from gross income for federal income tax purposes. The Code also provides that such proceeds are not deemed spent until all other available moneys (less a reasonable working capital reserve) are spent. The Participants expect to satisfy this expenditure test or, if they fail to do so, to make any required rebate payment from moneys received or accrued during the 2009-10 Fiscal Year. To the extent that any rebate cannot be paid from such moneys, the law of California is unclear as to whether such covenant would require the Participants to pay any such rebate. This would be an issue only if it were determined that the Participants' calculations of expenditures of Notes proceeds or of rebatable arbitrage profits, if any, were incorrect.

Although Bond Counsel is of the opinion that interest on the Notes represented by the Note Participations is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Note Participations may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes represented by the Note Participations to be subject, directly or indirectly, to federal income taxation, or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Note Participations. Prospective purchasers of the Note Participations should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Note Participations for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Participants, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Participants have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Note Participations ends with the issuance of the Note Participations, and, unless separately engaged, Bond Counsel is not obligated to defend the Participants or the Beneficial Owners regarding the tax-exempt status of the Note Participations in the event of an audit examination by the IRS. Under current procedures, parties other than the Participants and their appointed counsels, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Participants legitimately disagree, may not be practicable. Any action of the IRS, including but not limited to selection of the Note Participations for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Note Participations, and may cause the Participants or the Beneficial Owners to incur significant expense.

The form of proposed opinion of Bond Counsel is set forth in APPENDIX F of this Official Statement. Bond Counsel expresses no opinion therein on the accuracy, completeness or sufficiency of this Official Statement or other offering material related to the Note Participations.

LITIGATION

There is no litigation now pending or to the knowledge of the respective Participants threatened (1) to restrain or enjoin the issuance or sale of the Notes or the execution and delivery of the Note Participations; (2) questioning or affecting the validity of the Notes or the Note Participations or the Note Resolutions; or (3) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution or delivery of the Notes or the Note Participations.

RATINGS

Fitch Ratings, Moody's and Standard & Poor's have rated the Series A Note Participations "F1+" "MIG 1" and "SP-1+" respectively. Standard & Poor's has rated the Series B-1 Note Participations "SP-1+" and the Series B-2 Note Participations "SP-1." The Districts, upon receiving a preliminary indication of the ratings to be assigned by Moody's, decided not to proceed with obtaining ratings from Moody's. The ratings reflect only the views of the rating agencies and any explanation of the significance of such ratings and any ratings on any of the Participants' outstanding obligations may be obtained only from such rating agencies as follows: Fitch Ratings, One State Street Plaza, New York, New York 10004, Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, and Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies, or any of them, if, in their respective judgment, circumstances so warrant. Any downward revision or withdrawal of a rating may have an adverse effect on the trading value and the market price of the respective Note Participations.

LEGAL MATTERS

Legal matters incident to the delivery of the Note Participations are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel. A complete copy of the proposed form of opinion of Bond Counsel is contained in APPENDIX F. As Bond Counsel, Orrick, Herrington & Sutcliffe LLP undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon by Hawkins Delafield & Wood LLP, Los Angeles, California, Underwriters' Counsel.

UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase the Note Participations. The aggregate purchase price for the Series A Notes shall be $223,360,589.34 (consisting of the aggregate principal amount of the Series A Notes, plus a premium of $3,561,800.00, less $201,210.66 of Underwriters' discount). The aggregate purchase price for the Series B-1 Notes shall be $ 63,846,723.60 (consisting of the aggregate principal amount of the Series B-1 Notes, plus a premium of $750,005.95, less $88,282.35 of Underwriters' discount). The aggregate purchase price for the Series B-2 Notes shall be $49,478,466.71 (consisting of the aggregate principal amount of the Series B-2 Notes, plus a premium of $484,370.25, less $80,903.54 of Underwriters' discount). The Purchase Contract provides that the Underwriters will purchase all the Note Participations if any are purchased. The Note Participations may be offered and sold by the Underwriters to certain dealers and others at prices lower than such public offering price, and such public offering price may be changed, from time to time, by the Underwriters.

The following two sentences have been provided by Citigroup Global Markets Inc., one of the underwriters for the Note Participations: Citigroup Inc., parent company of Citigroup Global Markets Inc., an underwriter of the Note Participations, has entered into a retail brokerage joint venture with Morgan Stanley. As part of the joint venture, Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Note Participations.

The following two sentences have been provided by J.P. Morgan Securities Inc., one of the underwriters for the Note Participations: J.P. Morgan Securities Inc., one of the underwriters of the Note Participations, has entered into an agreement (the "Distribution Agreement") with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings, at the original issue prices. Pursuant to the Distribution Agreement (if applicable for this transaction), J.P. Morgan Securities Inc. will share a portion of its underwriting compensation with respect to the Note Participations with UBS Financial Services Inc.

FINANCIAL ADVISOR TO THE DISTRICTS

Greencoast Capital Partners LLC, Los Angeles, California, serves as the Financial Advisor to the Districts in connection with the execution and delivery of the Note Participations. The Financial Advisor to the Districts has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

CONTINUING DISCLOSURE

Pursuant to the respective Trust Agreements, the Participants have agreed to give, or cause to be given, to the Municipal Securities Rulemaking Board, and to each state information depository (the "Repository"), if any, in a timely manner notice of the following "Listed Events" with respect to such Participant's Note and the Note Participations if determined by the Participant to be material: (1) principal and interest payment delinquencies; (2) non-payment related defaults, (3) modification to the rights of the Owners; (4) contingent or unscheduled Note or Note Participation calls; (5) defeasances; (6) rating changes; (7) adverse tax opinions or events adversely affecting the tax-exempt status of the Notes or the Note Participations; (8) unscheduled draws on any debt service reserves reflecting financial difficulties; (9) unscheduled draws on the Credit Instrument (as defined in the Trust Agreement); (10) substitution of the Credit Provider or any failure by the Credit Provider to perform on the Credit Instrument reflecting financial difficulties; and (11) any release, substitution, or sale of property securing repayment of the Notes or Note Participations. These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5). The Participants have complied in all material respects in the last five years with each of its previous undertakings with regard to said Rule to provide annual reports or notices of material events.

The undertakings regarding material event disclosure set forth in the respective Trust Agreements may be amended, and any provision thereof may be waived, by written agreement of the parties thereto, without the consent of the Owners of the Note Participations (except to the extent required under clause (3)(ii) below), if all of the following conditions are satisfied: (1) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Participants or the type of business conducted thereby; (2) the undertakings therein as so amended or waived would, in the opinion of nationally recognized bond counsel or counsel expert in federal securities laws addressed to the Participants and the Trustee, have complied with the requirements of Rule 15c2-12 (the "Rule") at the time of the primary offering of the Note Participations, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (3) the proposed amendment or waiver either (i) is approved by the Owners in the manner provided in the applicable Trust Agreement for amendments to the Trust Agreements with the consent of the Owners, or (ii) does not, in the opinion of the nationally recognized bond counsel or counsel expert in federal securities laws addressed to the Participants and the Trustee, materially impair the interests of the owners of Note Participations; and (4) the Participants shall have delivered copies of such opinion and amendment to each Repository.

The Participants' obligations under the applicable Trust Agreement shall terminate upon the defeasance or payment in full of all of the Notes and the Note Participations. The undertakings in the applicable Trust Agreement relating to continuing disclosure shall inure solely to the benefit of the Participants, the Trustee, the Dissemination Agent, the Participating Underwriters and the Owners and Beneficial Owners, from time to time of the Note Participations, and shall create no rights in any other person or entity.

Copies of the County's Annual Reports and notices of material event filings are available at Digital Assurance Certification, L.L.C. website, *www.dacbond.com*. The information presented there is not incorporated by reference in this Official Statement and should not be relied upon in making an investment decision with respect to the Note Participations.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Participants and the purchasers or Owners of any of the Note Participations. This Official Statement speaks only as of its date, and the information contained herein is subject to change. Neither the County nor the other Participants have entered into any contractual arrangement to provide information on a continuing basis to investors or any other party. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in affairs in the Participants since the date hereof. The delivery of this Official Statement has been duly authorized by the Participants.

COUNTY OF SAN DIEGO, on behalf of itself and each District listed in the inside cover page hereof.

By: /s/ Donald F. Steuer
Chief Financial Officer

APPENDIX A

COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION

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APPENDIX A
COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION

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THE COUNTY

General

The County of San Diego (the "County") is the southernmost major metropolitan area in the State of California (the "State"). The County covers 4,255 square miles, extending 70 miles along the Pacific Coast from the Mexican border to Orange County, and inland 75 miles to Imperial County. Riverside and Orange Counties form the northern boundary. The County is approximately the geographic size of the State of Connecticut. The County's Fiscal Year 2008-09 Adopted Operational Plan (the "2008-09 Adopted Budget") is approximately $5.19 billion, approximately $3.68 billion of which relates to the County's General Fund budget.

The County was incorporated on February 18, 1850, and functions under a charter adopted in 1933, as subsequently amended from time to time. The County is governed by a five-member Board of Supervisors (the "Board of Supervisors") elected to four-year terms in district nonpartisan elections. The Board of Supervisors appoints the Chief Administrative Officer (the "CAO") and the County Counsel. The CAO appoints the Chief Financial Officer and the Auditor and Controller. Other elected officials include the Assessor/Recorder/County Clerk, the District Attorney, the Sheriff and the Treasurer-Tax Collector.

Many of the County's functions are required under County ordinances or by State or federal mandate. State and federally mandated programs, primarily in the social and health services areas, are directed to be maintained at certain minimum levels, which may, under some conditions, limit the County's ability to control its budget. However, under designated State and federal programs, eligible costs are subject to reimbursement according to specific guidelines.

The County is the delivery system for federal, State and local programs. The County provides a wide range of services to its residents including: (1) regional services such as district attorney, public defender, probation, medical examiner, jails, elections, public health, welfare, mental health, aging and child welfare; (2) basic local services such as planning, parks, libraries and Sheriff's patrol to the unincorporated area, and law enforcement and libraries by contract to incorporated cities; and (3) infrastructure such as roads, waste disposal and flood control to the unincorporated area of the County.

County of San Diego Employees

General. Table 1 below sets forth the number of County employees for the years 2000 through 2009:

TABLE 1

TOTAL COUNTY EMPLOYEES[1]

Year	Total Employees
2000	16,617
2001	17,057
2002	18,208
2003	17,835
2004	16,949
2005	16,418
2006	16,195
2007	16,471
2008	16,484
2009[2]	16,281

Source: The County.
(1) Excludes temporary employees of the County. Data as of June 30 of the indicated year unless otherwise noted.
(2) As of April 13, 2009.

County employees are represented by eight unions representing 25 bargaining units. The unions represent approximately 88% of the County's approximately 16,281 employees and include the Deputy Sheriffs' Association of San Diego County; Deputy District Attorneys Association; Service Employees International Union ("SEIU"), Local 221/San Diego Probation Officer's Association; District Attorney Investigators Association; SEIU, Local 221, CLC; San Diego Deputy County Counsels Association; Public Defender Association of San Diego County, and the San Diego County Supervising Probation Officers' Association. The County has labor agreements with all unions effective through June 16, 2011, with the exception of SEIU, Local 221/San Diego Probation Officer's Association. The remaining employees are unrepresented.

Negotiated Retirement Amendments. The County's existing retirement system, as described under the caption "San Diego County Employees Retirement Association" herein, will be modified in connection with certain collective bargaining agreements entered into by the County. The SEIU Local 221, CLC, Deputy District Attorneys Association, Public Defenders Association of San Diego County, San Diego County Deputy County Counsels Association and the County have negotiated prospective amendments to the County's retirement system. A new "Tier B" retirement benefit will be created for newly hired general employees in all bargaining units. The new tier will have a benefit formula described as: 2.62% at 62, highest 3 years final average compensation, minimum retirement age of 55 and a 2% maximum cost of living adjustment ("COLA"). The retirement benefit formula for currently active general employees is described as: 3% at 60, highest 1-year final average compensation, minimum retirement age of 50 and a 3% maximum COLA. For new employees represented by the Deputy Sheriffs' Association of San Diego County, San Diego County Supervising Probation Officers' Association, SEIU, Local 221/San Diego Probation Officer's Association and the District Attorney Investigators Association, who are classified as safety, a new tier will be created that will have a benefit formula described as: 3% at 55, highest 3 years final average compensation, minimum retirement age of 50 and a 2% maximum

COLA. The benefit formula for currently active safety employees is described as: 3% at age 50, highest 1-year final average compensation, minimum retirement age of 50 and a 3% maximum COLA.

The new "Tier B" general retirement and 3% at 55 safety retirement will be effective on a date determined by the County Board of Supervisors and implemented only after all the appropriate steps have been taken and the amendments have been approved by the Board.

COUNTY FINANCIAL INFORMATION

The following is a summary of certain financial information with respect to the County, including the County's property tax collections, General Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance, adopted and amended General Fund budgets for Fiscal Years 2007-08 and 2008-09, pension plan, risk management program, pending litigation and outstanding indebtedness.

Assessed Valuations

The assessed valuation of property in the County is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported in compliance with the requirements of Proposition 13. Generally, property can only be reappraised to market value upon a change in ownership or completion of new construction. Pursuant to Article XIIIA of the State Constitution, the assessed value of property that has not incurred a change of ownership or new construction shall be adjusted annually to reflect inflation at a rate not to exceed 2% per year as shown in the California consumer price index. In the event of declining property value caused by substantial damage, destruction, economic or other factors, Article XIIIA of the State Constitution allows the assessed value to be reduced temporarily to reflect the lower market value. For the definition of full cash value and more information on property tax limitations and adjustments, see "Constitutional and Statutory Limitations on Taxes, Revenues and Appropriations – Article XIIIA" herein.

The County Assessor determines and enrolls a value for each parcel of taxable real property in the County every year. The value review may result in the reinstatement of the indexed base value after a temporary reduction or it may result in a reduction in value. Taxpayers in the County also may appeal the determination of the County Assessor with respect to the assessed value of their property. For Fiscal Year 2008-09, the County Assessor has received 42,240 appeals, including appeals relating to real property, business personal property, boats and airplanes. Table 2 below sets forth the number of appeals received by the County Assessor and the corresponding number of affected parcels since Fiscal Year 1992-93. See "Economic and Demographic Information – Foreclosures; Notices of Loan Default" herein.

TABLE 2

ASSESSMENT APPEALS
Fiscal Years 1992-93 through 2008-09

Fiscal Year	Applications	Parcels
1993	11,631	19,203
1994	20,776	29,624
1995	26,871	37,015
1996	25,941	34,046
1997	18,773	22,724
1998	22,577	25,170
1999	4,594	6,070
2000	5,374	6,994
2001	2,900	3,885
2002	2,954	4,029
2003	3,074	3,666
2004	2,700	3,035
2005	2,573	3,932
2006	2,486	2,752
2007	3,334	3,601
2008	13,150	15,848
2009(1)	42,240	46,625

Source: County of San Diego Assessor/Recorder/County Clerk.
(1) As of April 30, 2009. Includes applications received after the December 1, 2008 deadline for appeals of Fiscal Year 2008-09 assessments.

Ad Valorem Property Taxation

Table 3 below sets forth the assessed valuation of property within the County subject to taxation for Fiscal Years 1999-00 through 2008-09:

TABLE 3

ASSESSED VALUATION OF PROPERTY SUBJECT TO AD VALOREM TAXATION Fiscal Years 1999-2000 through 2008-09 (In Thousands)

Fiscal Year	Land	Improvements	Personal Property	Gross Assessed Valuation	Exemption(1)	Net Assessed Valuation for Tax Purposes(2)
1999-00	$ 70,120,054	$105,048,079	$10,221,397	$185,389,530	$4,840,799	$180,548,731
2000-01	76,745,341	112,696,091	11,598,968	201,040,400	5,322,920	195,717,480
2001-02	84,852,228	122,629,979	12,675,787	220,157,994	5,674,325	214,483,669
2002-03	93,104,455	133,459,423	11,773,210	238,337,088	5,474,711	232,862,377
2003-04	103,818,122	145,973,945	11,949,627	261,741,694	6,742,042	254,999,652
2004-05	117,332,258	159,013,240	11,804,416	288,149,914	7,332,153	280,817,761
2005-06	137,276,347	175,791,219	12,807,092	325,874,658	7,916,172	317,958,485
2006-07	158,460,301	192,889,631	13,201,802	364,551,734	8,553,542	355,998,192
2007-08	176,074,513	208,732,483	13,916,210	398,723,206	9,427,705	389,295,500
2008-09	184,573,765	217,641,565	14,496,587	416,711,917	10,336,971	406,374,945

Source: County of San Diego Auditor and Controller.

(1) Exemption figures include veterans, church, welfare, religious, college and cemetery exemptions.

(2) Net Assessed Valuation for Tax Purposes figures include local secured, unsecured, state unitary and redevelopment valuation.

Table 4 below sets forth the approximate tax levied against the ten largest taxpayers in the County for Fiscal Year 2008-09. These tax payments represent approximately 3.67% of the total secured property tax levied by the County for Fiscal Year 2008-09, which amount is $4,558,064,753.

TABLE 4

TEN LARGEST TAXPAYERS Fiscal Year 2008-09

Property Owners	Business Area	Approximate Tax
San Diego Gas & Electric Company	Gas and Electric Utility	$52,371,437
Irvine Co.	Real Estate	19,601,829
Southern California Edison Co.	Electric Utility	19,100,180
Kilroy Realty LP	Real Estate	15,017,426
Qualcomm Inc.	Telecommunication	13,497,684
Arden Realty LTD Partnership	Real Estate	10,739,580
Pacific Bell Telephone Company	Telecommunication	10,682,549
San Diego Expressway LTD Partnership	Real Estate	10,483,506
O C/S D Holdings LLC	Real Estate	10,042,042
Genentech Inc.	Biotechnology	5,881,740

Source: County of San Diego Auditor and Controller.

Taxes are levied for each Fiscal Year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate assessment rolls. The "secured roll" is that assessment roll containing locally assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of growth in situs assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional voter approved debt service and fixed charge assessments on behalf of any taxing agency and special districts within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after 5:00 p.m. on December 10 and April 10, respectively, and a ten percent penalty attaches. A ten dollar cost also applies to all delinquent second installments. Property on the secured roll with unpaid delinquent taxes is declared tax-defaulted after 5:00 p.m. on June 30th. Such property may thereafter be redeemed by payment of the delinquent taxes, the ten percent delinquency penalty, the ten dollar cost, a fifteen dollar per parcel redemption fee (from which the State receives five dollars), and redemption penalty of one and one half percent per month starting July 1 and continuing until date of redemption (collectively, the "Redemption Amount"). If taxes remain unpaid after five years on the default roll, the property becomes subject to a tax sale by the County Treasurer – Tax Collector.

Property taxes on the unsecured roll are due on the lien date being assessed (January 1). A due date, or date to pay by, is set based on the enrollment date of the bill. If not paid in full, a ten percent penalty is added to the bill on September 1, or on the first business day of the second month following the enrollment date and an additional penalty of one and one-half percent per month begins to accrue on November 1, or on the first business day of the third month after the date of enrollment. Penalties are posted based on the type of unsecured bill and the time of year it is enrolled. The taxing authority has a number of ways of collecting delinquent unsecured property taxes, which include: filing a Certificate of Tax Lien for recordation in the County Recorder's office, and/or other jurisdictions; a civil action against the taxpayer; and seizure and/or sale of assets belonging or assessed to the taxpayer.

Pursuant to State Law, the County collects property tax administrative fees from cities, special districts and redevelopment agencies. State law exempts school districts from paying such fees.

Secured Tax Rolls Statistics

Table 5 below sets forth information relating to the County's secured tax roll and assessed value of property since Fiscal Years 1999-00 through 2008-09.

TABLE 5

SECURED TAX ROLL STATISTICS
Fiscal Years 1999-00 through 2008-09

Fiscal Year	Total Bills	Total Assessed Value(1)	Total Tax Amount(2)	Delinquent Tax Bills	Delinquent Tax Amount(3)	Delinquent Tax Amount as Percent of Total Tax Amount
1999-00	$842,959	$176,113,891,329	$1,962,926,237	$36,820	$ 39,059,369	1.70%
2000-01	857,777	191,194,756,333	2,126,737,380	33,817	38,805,254	1.82
2001-02	871,191	209,281,264,375	2,335,927,431	31,198	39,156,006	1.68
2002-03	885,452	227,376,419,310	2,552,212,549	29,769	39,156,463	1.53
2003-04	898,222	250,071,362,845	2,831,188,116	30,244	41,183,548	1.45
2004-05	912,850	276,651,738,142	3,141,818,961	38,065	49,379,983	1.57
2005-06	934,416	313,592,785,425	3,565,874,923	46,386	70,146,925	1.97
2006-07	954,808	350,431,485,633	3,964,281,859	54,013	111,504,199	2.81
2007-08	968,699	385,014,085,589	4,364,915,835	58,579	163,865,524	3.75
2008-09(4)	976,296	402,408,931,673	4,558,064,753	63,000	205,000,000	4.50

Source: County of San Diego Auditor and Controller.
(1) Total Assessed Value figures include local secured and state unitary valuation.
(2) Total Tax Amount includes local secured and state unitary 1% tax, debt service tax and special assessments.
(3) Delinquent Tax Amount represents the dollar value of tax due for delinquencies in the year shown that had not been collected as of June 30 of that year.
(4) Total Bills, Total Gross Assessed Value and Total Tax Amount Figures are actual. Remaining columns are estimated.

Liens and Redemption

Properties may be redeemed under a five-year installment plan by paying current taxes plus a minimum annual payment of 20% of the original redemption amount. A delinquent taxpayer may enter into the installment plan at any time up to the June 30 occurring five years after the property becomes tax-defaulted. Redemption interest accrues at 1-1/2% per month on the unpaid balance of the Redemption Amount during the period of the installment plan. If taxes are unpaid after June 30 of the fifth year of default (or if an installment plan is in place, taxes are unpaid at the end of the plan), the property becomes subject to sale by the County Treasurer-Tax Collector.

Financial Statements

Table 6 below sets forth the audited General Fund Balance Sheet for Fiscal Years ended June 30, 2006, 2007 and 2008. Table 7 below sets forth the audited General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for Fiscal Years 2003-04 through 2007-08.

TABLE 6

COUNTY OF SAN DIEGO
GENERAL FUND BALANCE SHEET
June 30, 2006 through June 30, 2008
(In Thousands)

ASSETS	(Audited) 2006[3]	(Audited) 2007[3]	(Audited) 2008[3]
Pooled Cash and Investments	$ 643,375	$ 936,658	$ 977,544
Cash with Fiscal Agents	33,079	33	19
Investments With Fiscal Agents	2	2	2
Property Taxes Receivables, net	119,117	157,936	218,048
Receivables, net	296,144	265,425	270,900
Due from Other Funds[1]	109,157	97,033	79,915
Prepaid Items	350	5,509	17
Advances to Other Funds	906	884	7,203
Inventories	8,636	7,048	7,326
Restricted Assets – Cash with Fiscal Agents	--	185	171
Restricted Assets – Investments with Fiscal Agents[2]	250,000	221,026	0
TOTAL ASSETS	$1,460,766	$1,691,739	$1,561,145
LIABILITIES			
Accounts Payable	$ 99,083	$ 88,038	$ 85,308
Accrued Payroll	23,345	23,885	29,425
Amount Due for Tax and Revenue Anticipation Notes[2]	250,000	220,000	0
Due to Other Funds[1]	21,739	27,889	42,169
Deferred Revenues	98,185	107,702	123,470
Unearned Revenue	69,529	69,143	60,307
TOTAL LIABILITIES	$ 561,881	$ 536,657	$ 340,679
FUND BALANCES			
Reserved for Encumbrances	$ 141,596	$ 212,090	$ --
Reserved for Notes Receivable and Advances	7,161	--	--
Reserved for Loans, Advances and Prepaids	--	12,523	13,294
Reserved for Inactive Landfill Maintenance	2,276	--	--
Reserved for Landfill Closure Costs	--	1,446	1,259
Reserved for Inventories	8,636	7,048	7,326
Reserved for Other Purposes	113,267	177,137	251,352
Unreserved:			
Designated for Encumbrances	--	--	236,272
Designated for Subsequent Years' Expenditures	190,490	182,499	138,729
Designated for landfill postclosure and inactive landfill maintenance	12	--	--
Designated for landfill postclosure and landfill closure costs	--	910	854
Undesignated	435,447	561,429	571,380
TOTAL FUND BALANCES	$ 898,885	$1,155,082	$1,220,466
TOTAL LIABILITIES AND FUND BALANCES	$1,460,766	$1,691,739	$1,561,145

Source: County of San Diego Auditor and Controller.

(1) Amounts are receivables and payables between General Fund and other County funds based on actual or estimated claims outstanding.

(2) Includes the tax and revenue anticipation notes outstanding at June 30, 2006 and June 30, 2007. The tax and revenue anticipation notes for Fiscal Year 2005-06 matured in July 2006. The amount of tax and revenue anticipation notes outstanding as of June 30, 2007, together with investment earnings received in connection therewith, is reflected above. Consistent with National Council on Governmental Accounting Interpretation No. 9, the liability for tax and revenue anticipation notes outstanding at June 30 is displayed in the General Fund and offset by a corresponding asset recorded as Restricted Assets-Investments with Fiscal Agents representing the pledged amounts. The tax and revenue anticipation note for the Fiscal Year 2007-08 was paid in full on June 30, 2008, thus reflecting a zero balance.

(3) To conform with Governmental Accounting Standards Board (GASB) Statements 33 and 34, activities from various Internal Agency Funds are included in the General Fund.

TABLE 7

COUNTY OF SAN DIEGO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For Fiscal Years 2003-04 through 2007-08
(In Thousands)

	(Audited) 2003-04	(Audited) 2004-05	(Audited) 2005-06	(Audited) 2006-07	(Audited) 2007-08
Revenues:					
Taxes[1]	$ 457,062	$ 671,850	$ 791,241	$ 842,396	$ 928,066
Licenses, Permits and Franchise Fees	31,233	32,015	31,847	33,752	34,735
Fines, Forfeitures and Penalties	40,363	51,000	56,177	55,248	59,782
Revenue From Use of Money and Property	12,721	29,308	43,757	51,894	48,381
Aid From Other Governmental Agencies:					
State[1]	649,829	511,830	578,736	851,309	849,783
Federal	588,815	620,477	660,976	704,440	792,430
Other	57,442	60,415	88,210	92,769	71,663
Charges for Current Services	246,381	254,585	271,448	269,282	267,624
Other Revenue	32,058	38,057	25,668	33,227	30,705
Total Revenues	$2,115,904	$2,269,537	$2,548,060	$2,934,317	$3,083,169
Expenditures:					
Current:					
General Government[2]	$ 207,600	$ 204,566	$ 188,223	$ 224,261	$ 270,236
Public Protection[2]	1,172,110	928,375	1,001,110	1,059,826	1,135,288
Public Ways and Facilities[2]	23,983	4,348	1,974	1,369	5,907
Health and Sanitation[2]	552,035	499,471	517,837	539,954	593,104
Public Assistance[2]	948,165	858,487	901,122	928,234	987,730
Education[2]	5,798	597	820	1,157	1,101
Recreation and Cultural[2]	23,709	18,300	21,375	24,509	29,606
Capital Outlay[3]	--	17,928	18,590	17,190	11,453
Debt service:					
Interest and Fiscal Charges	5,776	12,310	12,368	10,843	5,169
Total Expenditures	$2,939,176	$2,544,382	$2,663,419	$2,807,343	$3,039,594
Excess (Deficiency) of Revenues over (under) Expenditures	($ 823,272)	($ 274,845)	($ 115,359)	$ 126,974	$ 43,575
Other financing sources (uses):					
Sale of Capital Assets	$ 7	$ --	$ 12,241	$ 130	$ 41
Long Term Debt Proceeds[2]	454,113	--	--	--	--
Transfers In[4]	483,333	568,677	486,203	283,535	257,890
Transfers Out[5]	(162,035)	(179,228)	(151,503)	(152,854)	(236,400)
Total Other Financing Sources (Uses)	$ 775,418	$ 389,449	$ 346,941	$ 130,811	$ 21,531
Net Change in Fund Balance	($ 47,854)	$ 114,604	$ 231,582	$ 257,785	$ 65,106
Fund Balances at Beginning of Year	598,661	551,000	667,458	898,885	1,155,082
Increase (Decrease) in Reserve for Inventories	193	1,854	(155)	(1,588)	278
Fund Balances at End of Year	$ 551,000	$ 667,458	$ 898,885	$1,155,082	$1,220,466

(Table continued from prior page.)

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Source: Comprehensive Annual Financial Report of the County.

(1) The conversion of vehicle license fee revenues to property taxes in lieu of vehicle license fees (in Fiscal Year 2004-05) resulted in a reclassification of such revenues from State aid to taxes. See line item entitled "Other financing sources (uses) – Transfers In" and corresponding footnote below.

(2) The respective amounts in 2003-04 reflect the issuance of 2004 Pension Obligation Bonds in June 2004. The proceeds of these Pension Obligation Bonds were deposited with the San Diego County Retirement Association and were accounted for in Fiscal Year 2003-04 as having been expended by each of the seven functional areas noted based on the payrolls attributable to these functional areas.

(3) In Fiscal Year 2003-04 expenditures for Capital Outlay were included in the functional categories set forth under the caption "Current" above.

(4) In Fiscal Years 2003-04 and 2004-05, revenues from the Public Safety Augmentation Sales Tax (Proposition 172), Health and Social Services' Realignment monies and the tobacco securitization proceeds were recognized in the Special Revenue funds and treated as operating transfers when moved to the General Fund to reimburse expenses incurred. These three sources accounted for substantially all of the transfers in for Fiscal Years 2003-04 and 2004-05. Beginning in Year 2005-06, Health and Social Services' Realignment monies were received directly into the General Fund and reflected as aid from the State rather than transfers in from other financing sources. In Fiscal Years 2005-06 through 2007-08, revenues from the Public Safety Augmentation Sales Tax (Proposition 172) and the tobacco securitization proceeds were recognized in the Special Revenue funds and treated as operating transfers when moved to the General Fund to reimburse expenses incurred.

(5) Essentially represents contributions to the Pension Obligation Bond fund, annual base rental payments to SANCAL (defined herein), contributions to capital funds for General Fund projects, County contributions to the Library fund, and the In-Home Supportive Services ("IHSS") Public Authority fund. Additionally, in Fiscal Year 2004-05 contributions were made to the Pension Obligation Bond fund related to the economic defeasance of the 1994 Pension Obligation Bonds.

General Fund Budget

The Board of Supervisors is required by State law to adopt a balanced annual budget no later than August 30 of each year. The County General Fund finances the legally authorized activities of the County not provided for in other restricted funds. General Fund revenues are derived from such sources as taxes, licenses, permits and franchises, fines, forfeitures and penalties, use of money and property, aid from other governmental agencies, charges for current services and other revenue. General Fund expenditures and encumbrances are classified by the functions of public safety, health and human services, land use and environment, community services, finance and general government and other. Increases in the aggregate appropriations based on actual or anticipated increases in available financing can be made after the annual budget has been adopted upon approval by a four-fifths vote of the Board of Supervisors.

To ensure that the expenditures do not exceed authorized levels or available financing sources, quarterly reviews are conducted covering actual and projected receipts and expenditures. In the event of any shortfall in projected revenue, immediate steps are taken to freeze or reduce appropriations. Similarly, if expenditures are projected to exceed appropriations, steps are taken to freeze expenditures in other areas or to transfer available resources to offset the added expenditure requirement. California counties are not permitted by State law to impose fees to raise general revenue, but only to recover the costs of regulation or provision of services. The Chief Financial Officer is responsible for monitoring and reporting expenditures within budgeted appropriations.

2008-09 Budget and Financial Position of the County

The 2008-09 Adopted Budget for the County's General Fund included expenditures of approximately \$3.68 billion and revenues and other financing sources of approximately \$3.68 billion. In accordance with the normal practice of the County, the 2008-09 Adopted Budget has been adjusted to reflect carry-over appropriations from the prior fiscal year and program needs not included in the 2008-09 Adopted Budget. As of March 31, 2009, the County's Fiscal Year 2008-09 General Fund Amended Budget (the "2008-09 Amended Budget") included expenditures of \$4.03 billion and revenues and other financing sources of \$4.03 billion. As of March 31, 2009, as reported in the Fiscal Year 2008-09 Third

Quarter Operational Plan Status Report and Budget Adjustments (the "Third Quarter Report") approved by the Board of Supervisors on May 12, 2009, which was based on results for the first nine months of Fiscal Year 2008-09, the County projected that its General Fund expenditures for Fiscal Year 2008-09 would be below the 2008-09 Amended Budget by $336.4 million and its General Fund revenues and other financing sources would be below the 2008-09 Amended Budget by $146.4 million. The net variance was a projected savings to the County's General Fund of $190.0 million, which would be added to any remaining unreserved and undesignated General Fund Balance as of June 30, 2009. See also "– Status of Available Fund Balance" below.

The lower than budgeted projected expenditures in the General Fund are primarily attributable to the following:

- $60.9 million in appropriation savings, predominantly in the Public Safety Group but also in the Health and Human Services Agency ("HHSA"), the Land Use and Environment Group, and the Finance and General Government Group, from lower than budgeted salaries and employee benefits costs due to staff turnover and department management of vacancies to mitigate current and anticipated revenue shortfalls.
- $210.1 million in appropriation savings from lower than budgeted expenditures for services and supplies across the County.
    - In the Public Safety Group, a net savings of $8.6 million is projected because aggregate savings from the implementation of energy, equipment and personnel cost reduction measures in the Sheriff's Department, lower than budgeted expenditures in services and the major maintenance program in the Public Safety Group Executive Office, grant activities in the Office of Emergency Services that will be carried over to Fiscal Year 2009-10, and cost reduction measures in Probation to offset State budget reductions exceeded the higher than budgeted expenditures attributed to increased food and pharmaceuticals costs for jails in the Sheriff's Department, unanticipated costs in the District Attorney's Office for technology, facilities maintenance, expert testimony and witness protection and relocation cases, and additional costs associated with the expansion of the Department of Child Support Services at the North County Regional Center.
    - Savings in the HHSA are primarily attributable to lower service contracts costs (*e.g.*, savings in Behavioral Health Services because of the withdrawal of certain contracts, decreased contractor spending in Early Periodic Screening, Diagnosis and Treatment ("EPSDT") services due to the availability of other funding options, aligning costs to State allocations, including cuts by the State to Proposition 36 funding and the Offender Treatment Program), reduced emergency appropriations for pandemic or bio-terrorism, savings associated with major maintenance and imaging projects, savings in County Medical Services ("CMS") due to continued start-up of the Coverage Initiative and lower than expected retroactive CMS payments for prior year claims, and savings associated with the Welfare Case Data Information System and CalWIN.
    - In the Land Use and Environment Group, appropriation savings are anticipated in the Department of Environmental Health due to close monitoring of spending to ensure that costs do not exceed revenues, savings in the Department of Planning and Land Use due to lower than expected expenses for consultant services related to the Hazardous Fuels Reduction activities, the Business Case Management System ("BCMS") and General Plan update, and savings in the Department of Public Works due to reduced spending for wildfire recovery.
    - In the Finance and General Government Group, savings are primarily in the Executive Office and are due to delays in the Oracle Financials Upgrade and Integrated

Property Tax System ("IPTS") projects that will require the funds to be re-budgeted in Fiscal Year 2009-10.

   ◦ In addition, appropriations in Finance Other set aside for economic uncertainty are anticipated to be unspent through the end of the current fiscal year.

- $10.5 million in appropriation savings in other charges primarily reflects variances from budgeted caseload and aid payments in the HHSA. Spending is projected to be over budget because of higher than budgeted caseloads in California Work Opportunity and Responsibility to Kids ("CalWORKs"), Welfare to Work, Child Care and Support and Care in California Children's Services, offset by savings in Child Welfare Services based on revised estimates of caseload levels, growth trends, and unit cost per case for Severely Emotionally Disturbed, Foster Care, Aid to Adoptive Parents, and Kinship-Guardianship Agreement Payment programs. In addition, savings occur from lower than budgeted TRANs borrowing costs.
- $1.7 million in appropriation savings primarily from reduced operating transfers out to the In-Home Supportive Services Public Authority due to timely abatements received for Health Benefits.
- $20.3 million in contingency reserves that are projected to be unspent at year-end.
- $32.0 million in management reserves across the groups that are projected to be unspent at year-end.

Total revenues are currently projected to be less than the estimated amount of revenues included in the budget. Of the $146.4 million revenue shortfall in the General Fund, $134.9 million is within intergovernmental revenues and is largely the result of lower expenditures on federal and State funded caseload driven programs, as well as a projected $38.1 million reduction in realignment revenues due to sales tax and vehicle license fees decreases. In addition, current year property taxes are $28.8 million less than budgeted, Proposition 172 sales tax revenues are $34.2 million less than budgeted, recording fees have decreased by $9.0 million and AB 2890 Recovered Costs in charges for current services have declined by $5.2 million. The foregoing shortfalls are expected to be offset in part by $51.3 million in additional revenues from fines, forfeitures and penalties ($0.9 million), taxes other than current secured ($10.1 million), and miscellaneous revenue ($40.3 million), which includes $21.0 million from the anticipated receipt of funds associated with an IPTS contract dispute settlement and $8.5 million from the State for costs in the Registrar of Voters Office for the February 2008 Special Presidential Primary Election.

Table 8 below sets forth the County's Adopted and final Amended Budgets for Fiscal Year 2007-08. For Fiscal Year 2008-09, the table sets forth the Adopted Budget, the Amended Budget as of March 31, 2009, the projected expenditures and revenues and other financing sources as reported in the Third Quarter Report, and the variance between the projected actual amounts and those contained in the 2008-09 Amended Budget. The full report may be viewed on the County's website at http://www.sdcounty.ca.gov/auditor/pdf/3rdqtr0809.pdf. The information on such website is not incorporated herein by reference. The table also sets forth the Proposed Budget for Fiscal Year 2009-10.

TABLE 8

GENERAL FUND
ADOPTED AND AMENDED BUDGET FOR FISCAL YEAR 2007-08, ADOPTED AND AMENDED BUDGET AND PROJECTED RESULTS FOR FISCAL YEAR 2008-09 AND PROPOSED BUDGET FOR FISCAL YEAR 2009-10
(In Thousands)

	2007-08 Adopted Budget	2007-08 Amended Budget(1)	2008-09 Adopted Budget	2008-09 Amended Budget(2)	Projected Year End Results(2)	Variance from Adjusted Budget(3)	2009-10 Proposed Budget(4)
EXPENDITURES							
Public Safety	$ 1,096,476	$ 1,165,353	$ 1,139,919	$ 1,199,915	$ 1,155,828	$ 44,087	$ 1,091,226
Health and Human Services	1,677,329	1,700,962	1,762,290	1,789,081	1,674,606	114,475	1,812,089
Land Use and Environment	143,750	219,936	156,512	194,281	166,868	27,413	176,572
Community Services	70,399	87,424	59,372	71,516	64,054	7,462	55,643
Finance and General Government and Other	512,944	723,147	541,093	758,033	635,397	122,636	594,908
Contingency Reserve and Designations	20,000	17,000	20,294	20,294	0	20,294	20,000
Total Expenditures(5)	$ 3,520,898	$ 3,913,822	$ 3,679,480	$ 4,033,120	$ 3,696,753	$ 336,367	$ 3,750,438
REVENUES							
Current Property Taxes	$ 511,393	$ 511,393	$ 543,062	$ 543,062	$ 514,242	$ (28,820)	$ 496,283
Taxes Other Than Current Property Taxes	390,776	390,776	413,464	413,464	423,523	10,059	404,469
Licenses, Permits and Franchises	35,993	35,875	37,216	35,967	35,420	(547)	38,716
Fines, Forfeitures and Penalties	52,535	54,796	52,083	53,204	54,084	880	52,097
Use of Money and Property	34,265	34,265	31,298	31,298	25,969	(5,329)	17,399
Aid from Other Government Agencies	1,731,653	1,804,134	1,803,782	1,845,833	1,710,928	(134,905)	1,859,494
Charges for Current Services	277,643	271,299	280,100	281,366	279,298	(2,068)	270,593
Miscellaneous Revenues and Other Financing Sources	306,281	295,042	303,566	305,284	311,207	5,923	272,752
Total Revenues(5)	$ 3,340,539	$ 3,397,580	$ 3,464,571	$ 3,509,478	$ 3,354,671	$ (154,807)	$ 3,411,803
Estimated Use of Unreserved and Designated Fund Balance	$ 57,020	$ 60,587	$ 201	$ 201	$ 201	$ 0	$ 6,284
Estimated Use of Unreserved and Undesignated Fund Balance	123,339	216,383	214,708	263,642	272,082	8,440	332,351
Estimated Use of Fund Balance Reserved for Encumbrances	0	239,272	0	259,799	259,799	0	0
Total Resources Utilized(5)	$ 3,520,898	$ 3,913,822	$ 3,679,480	$ 4,033,120	$ 3,886,753	$ (146,367)	$ 3,750,438
Net Savings from the 2008-09 Amended Budget					$ 190,000	$ 190,000	

(Table continued from prior page.)

Source: County of San Diego Auditor and Controller.

(1) This amount reflects expenditures and revenues included in the 2007-08 Adopted Budget, as amended and adjusted to include all budgeted appropriations and revenues as of June 30, 2008.

(2) This amount reflects, as of March 31, 2009, the amended budget and projections of the expenditures and revenues of the County's General Fund for Fiscal Year 2008-09.

(3) This amount reflects the difference between the budgeted expenditures, revenues and other financing sources of the County's General Fund in the 2008-09 Amended Budget as of March 31, 2009 and the projected expenditures, revenues and other financing sources of the County's General Fund for Fiscal Year 2008-09. Amounts without parentheses indicate a variance favorable to the County's General Fund. Amounts with parentheses indicate a variance unfavorable to the County's General Fund.

(4) Reflects expenditures and revenues included in the 2009-10 Proposed Budget.

(5) Total may not equal the sum of the line items due to rounding.

Status of Available Fund Balance

The unreserved and undesignated portion of the General Fund Balance as of June 30, 2008 was $571.4 million. See the table entitled "General Fund Balance Sheet" herein for a description of the fund balance of the General Fund for the Fiscal Years ending June 30, 2006 and June 30, 2007, respectively. Included in the 2008-09 Adopted Budget were appropriations based on the unreserved and undesignated portion of the General Fund Balance of approximately $214.7 million. Accordingly, the available unreserved and undesignated portion of the General Fund Balance was reduced to $356.7 million. See "Summary of General Fund Financing Sources – Use of Fund Balance" for a description of the various one-time or project-specific purposes that used fund balance in the Adopted Operational Plan.

Subsequently, the Board of Supervisors approved the appropriation of an additional $18.9 million in unreserved and undesignated General Fund Balance for various items, including to unwind the pension bond swaps described herein, establish appropriations in Contribution to Trial Courts for payment to the Facilities Management Internal Service Fund for costs related to the court facilities transfer, fund the Julian Wastewater Treatment Plant Improvement Project, and fund the implementation of the Land Use reorganization. The total of these actual adjustments reduced the available unreserved and undesignated fund balance to $337.8 million.

Pursuant to the First Quarter Operational Plan Status Report and Budget Adjustments based on the results for the first three months of Fiscal Year 2008-09, an additional $30.05 million in unreserved and undesignated General Fund Balance was approved to be appropriated for various items, including employee incentive compensation payments, Defense Attorney/Contract Administration organization support associated with an agreement with the San Diego County Bar Association for conflict indigent defense services, District Attorney one-time purchases and installation of information technology network equipment to refresh and support current business requirements, Planning and Land Use integration and software costs for the BCMS as well as funding for salaries and benefit costs to provide fire rebuild permits at no cost to the 2007 wildfire victims, Public Works education efforts to reduce the public's use of pesticides and support for the Integrated Regional Water Management Program, support for Fleet Services to install mandatory vapor recovery fueling equipment, one-time services and supplies costs in the Board of Supervisors' offices, a payment to the Library Fund pursuant to the San Marcos III Redevelopment Agreement, and the Cactus Park Sports Field. The total of these anticipated adjustments reduced the available unreserved and undesignated fund balance from $337.8 million to $307.75 million.

In the Second Quarter Operational Plan Status Report and Budget Adjustments based on the results for the first six months of Fiscal Year 2008-09 (the "Second Quarter Report") presented to the Board of Supervisors on February 24, 2009, the Board of Supervisors approved the designation of fund balance for Environmental Health of $212,030 and also approved the reduction of the fund balance designation in the Department of Planning and Land Use for $199,469. The combined total of these adjustments reduced the available unreserved and undesignated fund balance to $307.74 million.

Subsequent to the Second Quarter Report, the Board of Supervisors approved on April 7, 2009 the use of $300,000 in fund balance in the Office of Emergency Services for a consultant for the development of a comprehensive Fire and Emergency Services deployment study. This adjustment reduced the available unreserved and undesignated fund balance to $307.44 million.

In the Third Quarter Report, an additional $22.82 million in fund balance was approved to establish appropriations in Public Safety to offset the loss of Proposition 172 revenues that have been impacted by the severe economic slowdown in the national, state and local economy, establish appropriations in the Public Safety Executive Office for transfer to the Regional Communications Trust Fund for future Regional Communications System requirements, establish appropriations in the Registrar of Voters Office for the May 19, 2009 statewide special election (the "2009 Special Election"), establish appropriations in the Community Services Group Executive Office for an operating transfer to the Housing and Community Development Special Revenue Fund to provide working capital, establish appropriations in the Contributions to Trial Court for payment to the Facilities Management Internal Services Fund for cost related to the court facilities transfer, establish appropriations in Environmental Health to temporarily fund a beach water monitoring program, establish appropriations in Planning and Land Use to prepare an environmental impact report analyzing impacts related to implementation of a two-tiered wind turbine ordinance, and establish appropriations in the Community Services Group Executive Office for an upgrade to the enterprise-wide document management system. These adjustments, in the aggregate, reduced the available unreserved and undesignated fund balance from $307.44 million to $284.62 million.

If there were no further uses of fund balance for the remainder of the year and the projected $190.0 million in net savings in the 2008-09 budget (as shown in Table 8) were to be realized, the unreserved and undesignated General Fund Balance as of June 30, 2009 would be $474.62 million. The County makes no assurances that no further use of available fund balance will occur. See "Fund Balance and Reserves Policy" below.

The County does not prepare any formal update of its General Fund Balance projections after the Third Quarter. The next formal update of the County's General Fund Balance will occur in connection with the audit of the basic financial statements of the County for the Fiscal Year ending June 30, 2009, which is expected to be completed by January 2010.

County's 2009-10 Proposed Budget and the Operational Plan

Proposed Operational Plan

The County annually prepares a two-year operational plan, the most recent of which was proposed to the County's Board on May 12, 2009 (the "Proposed Operational Plan"). The first year of the Operational Plan is the 2009-10 Proposed Budget and the second year represents an estimate of the revenues and expenditures of the County for Fiscal Year 2010-11. The Proposed Operational Plan reflects the budgets for all funds within which the County accounts for the services it provides to its residents. The largest single fund is the General Fund, which accounts for the majority of the County's activities.

The County's Proposed Budget for the County General Fund for Fiscal Year 2009-10 is approximately $3.75 billion, with Total Appropriations of approximately $3.75 billion, Total Revenues of approximately $3.412 billion, and total estimated use of the Unreserved and Designated Fund Balance and the Unreserved and Undesignated Fund Balance of approximately $332.0 million and $6.0 million, respectively. See Table 8 entitled "GENERAL FUND ADOPTED AND AMENDED BUDGET FOR

FISCAL YEAR 2007-08 AND ADOPTED AND AMENDED BUDGET AND PROJECTED RESULTS FOR FISCAL YEAR 2008-09 AND PROPOSED BUDGET FOR FISCAL YEAR 2009-10" herein for a summary of the County's 2009-10 Proposed Budget.

Summary of General Fund Financing Sources

In the Proposed Operational Plan, General Fund Financing Sources total $3.75 billion for Fiscal Year 2009-10, a $71.0 million or 1.9% increase from Fiscal Year 2008-09. They are expected to decrease by $249.6 million or 6.6% in Fiscal Year 2010-11. In comparison, the Fiscal Year 2008-09 budget was 4.5% above the prior year, while the previous seven fiscal years saw an average annual growth rate of 5.6%. The 1.9% increase for Fiscal Year 2009-10 includes the one-time use of $100 million of the fund balance to establish a designation for economic uncertainty. Excluding this action, General Fund Financing Sources actually decrease by $29.0 million or 0.7% from Fiscal Year 2008-09. The Proposed Operational Plan reflects the continued constriction in the economy and estimates of available program revenues. General Fund Financing Sources can be categorized as one of three types: Program Revenues, General Purpose Revenues, or Fund Balance (including reserve/designation decreases).

Program Revenues. Program Revenues are expected to total approximately $2.46 billion in Fiscal Year 2009-10 and $2.48 billion in Fiscal Year 2010-11. These revenues make up 65.6% of General Fund Financing Sources in Fiscal Year 2009-10, and are derived primarily from State and federal subventions and grants, and charges and fees earned from specific programs. Program Revenues are expected to increase by 0.5% over the Fiscal Year 2008-09 Adopted Budget compared to an average annual growth for the last six years of 3.6%. HHSA manages 69.5% of the program revenues; Public Safety Group manages 22.9%; and the balance is managed across the other service delivery groups.

General Purpose Revenues. General Purpose Revenues, budgeted at approximately $950.7 million in Fiscal Year 2009-10 and $952.9 million in Fiscal Year 2010-11, comprise approximately 25.3% of General Fund Financing Sources. These revenues come from property taxes, property tax in lieu of Vehicle License Fees ("VLF"), sales tax (and property tax in lieu of sales tax), real property transfer tax, and miscellaneous other sources. They may be used for any purpose that is a legal expenditure of County funds. The Board of Supervisors, therefore, has the greatest flexibility in allocating these revenues.

The growth in these revenues is principally affected by the local and State economies, with over 85% of General Purpose Revenues tied to activity in the real estate market. From Fiscal Year 1999-2000 through Fiscal Year 2007-08, General Purpose Revenues grew by an annual average of $58.8 million. That trend has slowed considerably, with the Fiscal Year 2008-09 estimate of General Purpose Revenues being revised downward to $992.2 million, which is 2.2% less than the $1,014.7 million budgeted. For Fiscal Year 2009-10, General Purpose Revenues are expected to decline further by $41.5 million to $950.7 million before increasing slightly to $952.9 million in Fiscal Year 2010-11.

Use of Fund Balance. Use of Fund Balance, including reserve/designation decreases, totals approximately $338.6 million in Fiscal Year 2009-10 and $71.4 million in Fiscal Year 2010-11. It represents 9.0% of General Fund Financing Sources in Fiscal Year 2009-10. This resource is used for one-time expenses, not for the support of ongoing operations. The $338.6 million of fund balance proposed to be used in Fiscal Year 2009-10 includes amounts to establish a $100.0 million fund balance designation for economic uncertainty, resulting in a net use of $238.6 million of fund balance. This compares with $214.9 million in uses of fund balance in the Fiscal Year 2008-09 Adopted Budget, which equaled 5.8% of total General Fund Financing Sources.

In the Proposed Operational Plan, a portion of the unreserved General Fund fund balance is budgeted as the funding source for various one-time or project specific purposes such as: Designation for Economic Uncertainty; one-time capital needs for the volunteer fire protection districts via the Fire Protection and Emergency Medical Services Grant Program; moving and one-time occupancy costs for the Medical Examiner Facility; moving and one-time occupancy costs for the relocation of Probation Work Projects from the County Operations Center; Regional Communication System enhancement project – Point Loma site; equipment replacement in the Medical Examiner's Office; Business Process Reengineering; imaging and information technology initiatives in the HHSA; disaster claims consultant; Beach water quality testing; vegetation and debris cleanup of parklands; major maintenance projects; Service First "land use" reengineering activities; Winery Environmental Impact Report rebudget; General Plan Update/Zoning Ordinance project costs; one-time public nuisance abatement costs; Move Up and Cover/Volunteer program; Fire Fuels Reduction Program matching funding; future disaster damage assessment preparedness – camera, Global Positioning System equipment and miscellaneous other gear; Firestorm 2007 permit fee waiver offset; Planning and Land Use code enforcement temporary staffing and abatement support; fire prevention equipment for volunteers; Planning and Land Use Building Division temporary core services support; Inland Rail Trail project management; Valley Center Interpretive Trail signs; Sweetwater utility conversion; assorted stormwater, residential pest management, and flood control costs; one-time funding for the Environmental Trust Fund to sustain operations in future years at County owned inactive or closed landfills; Media and Public Relations one-time projects; Workforce Academy for Youth program; leave balance payoffs for employees leaving County service; various information technology projects, such as: document imaging, infrastructure and upgrade needs in the District Attorney's Office, Land Use and Environment Group BCMS, Geographic Information System enhancements, graphic computer upgrades, Animal Services ultra sound equipment, Registrar of Voters information technology enhancements and equipment, Integrated Recording/Vitals System development, Planning and Land Use back file conversion, reconfiguration of the Documentum enterprise content management application and environment, one-time County Technology Office initiatives, and Oracle Financials and PeopleSoft system upgrades, and implementation of the IPTS; augmentation of the Edgemoor Development Fund; early principal pay-down on the Series 2008B Pension Obligation Bonds (the "2008B POBs"), Multiple Species Conservation Program ("MSCP") land acquisition, grants provided to community organizations, and management reserves.

Summary of Total Appropriations in the Proposed Operational Plan

Appropriations total approximately $4.94 billion for Fiscal Year 2009-10 in the Proposed Operational Plan and $4.54 billion for Fiscal Year 2010-11. This is a decrease of $244.7 million or 4.7% from the Fiscal Year 2008-09 Adopted Operational Plan. Appropriations for the General Fund are approximately $3.75 billion, which constitutes 75.9% of the total appropriations of the County.

The Adopted Operational Plan includes increased appropriations in Health and Human Services, Land Use and Environment, Community Services, Finance and General Government, and Finance Other and decreased appropriations in Public Safety and the Capital Program. The HHSA, at $1.85 billion, continues to be the largest share of the budget at 37.4%, followed by the Public Safety Group at $1.3 billion, or 26.6%.

Public Safety Group. The Proposed Operational Plan reflects a net decrease of 5.2% or $72.8 million from the Fiscal Year 2008-09 Adopted Budget. Resource reductions in local revenues and in State funding require changes to the method of service delivery to increase efficiency, reductions in administrative and support functions and a decrease in discretionary services available. All mandated services will be maintained.

Health and Human Services Agency. The Proposed Operational Plan reflects a net increase of 2.8% or $50.2 million over the Fiscal Year 2008-09 Adopted Budget associated with increases in appropriations for In-Home Supportive Services provider payments, CalWORKs Assistance payments, Child Care payments and the continued expansion associated with the MHSA. These increases are offset by a decrease in appropriations in other areas that will result in fewer programs and longer wait times for client services. HHSA has worked with advisory boards and other key stakeholders in the development of the CAO Proposed Operational Plan to ensure the continuation of core, mandated programs and services.

Land Use and Environment Group. The Proposed Operational Plan reflects a net expenditure increase of 0.4% or $1.5 million over the Fiscal Year 2008-09 Adopted Budget. Increases include one-time appropriations for enhancements to the County's Fire Services Program, energy efficiency and water conservation projects at various County parks, and building of reserves for the maintenance of closed and inactive County landfills. Significant decreases include a reduction in salaries and benefits due to a reduction in staffing levels, and a reduction in capital projects due to completion of projects in the Sanitation Districts and the Airport Enterprise Fund that will not be repeated in Fiscal Year 2009-10.

Community Services Group. The Proposed Operational Plan reflects a net increase of 0.5% or $1.4 million over the Fiscal Year 2008-09 Adopted Budget. Significant increases in costs are related to one-time funding for the Documentum End Users License Agreement, the Housing and Community Development programs which are funded by the Federal economic stimulus package and a payment due to the Lakeside Fire District under a cooperative agreement with the County Redevelopment Agency. Significant decreases are due to elections-related activities and designations of fund balance for the Registrar of Voters that were budgeted in Fiscal Year 2008-09, but will not repeated in Fiscal Year 2009-10, and cutbacks in the purchase of library books and materials and other services and supplies due to funding reductions from the overall economic downturn.

Finance and General Government Group. The Proposed Operational Plan reflects a net increase of 16.1% or $56.4 million from the Fiscal Year 2008-09 Adopted Budget. Material changes include a reduction in salaries and benefits due to a decrease in overall staffing levels attributable to current economic conditions, and an increase in services and supplies to fund the development and implementation of an IPTS and the upgrade of core financial and human resource software applications.

Capital Program. The Proposed Operational Plan reflects a decrease of 75.9% or $308.3 million from Fiscal Year 2008-09. The amount budgeted in the Capital Program can vary significantly from year to year. The decrease is mainly related to the budgeting in Fiscal Year 2008-09 for the redevelopment of the County Operations Center ("COC") that will not be repeated in Fiscal Year 2009-10. The Fiscal Year 2009-10 Capital Program includes $75.0 million in seed money for a new Women's Detention Facility, as well as funds for land acquisition for the MSCP and the San Luis Rey River Park, and for the Jess Martin Exercise Path and Park Improvements project. Appropriations are also included in the Edgemoor Development Fund to pay debt service on the 2005 and 2006 Edgemoor bonds.

Finance-Other. The Proposed Operational Plan reflects a net increase of 5.0% or $27.0 million from Fiscal Year 2008-09. Many of the appropriations in this group vary little from year to year, but some appropriations reported here are one-time and can fluctuate significantly from year to year. Significant areas of expenditure for Fiscal Year 2009-10 include an $85.0 million General Fund contribution to the Capital Program for two projects, $75.0 million for the new Women's Detention Facility and $10.0 million for the MSCP, and $100.0 million to pay-off the variable rate Series 2008B POB portion of the County's 2008 Pension Obligation Bond refunding. Also included in this group is the creation of a $100.0 million fund balance designation for economic uncertainty. See "County Financial Information – Anticipated Capital Financings" herein.

Impact of the State's 2009-10 Budget on the County's 2009-10 Proposed Budget

Various proposals have been presented by the Governor, the Legislature and the Legislative Analyst's Office in response to the State's financial position subsequent to adoption of its 2008-09 Budget to mitigate the growing State budget deficit. See "State of California Budget Information" herein. The State's 2009-10 Budget (the "2009-10 State Budget") signed by the Governor on February 20, 2009 provides for reductions in spending and increases in revenues to address a $42 billion State budget shortfall. The County has reflected the applicable reductions in its Fiscal Year 2009-10 Proposed Budget. The primary negative impacts are to grant funded public safety activities, juvenile dependency representation under contract with the State Administrative Office of the Courts, the Adult Protective Services and Ombudsman program, and the substance abuse treatment program.

In March the Legislative Analyst's Office (the "LAO") estimated that revenues will be $8 billion less than projected in the 2009-10 State Budget. On May 14, 2009, the Governor released the May Revision to the 2009-10 State Budget (together with the contingency proposals referenced therein, the "May Revision"), which was intended to address a projected budget deficit of $21.3 billion through the remainder of Fiscal Year 2008-09 and Fiscal Year 2009-10. The most significant proposal is the suspension of Proposition 1A approved by voters in 2004 ("Proposition 1A (2004)"), whereby the State proposes to borrow 8% or $1.9 billion in property taxes revenues from cities, counties and special districts in Fiscal Year 2009-10 and repay such amounts within three years. The May Revision does not disclose the methodology for determining each entity's share of the $1.9 billion. The County estimates that its General Fund share could be $67.0 million. The actual amount could be more or less depending upon the County's assigned share and the portion of the property tax base to be used in the formula. Also of concern are several cuts to State funded programs that could result in a shift of costs to the County as clients search for alternative means to obtain services. Program areas affected include KinGAP, foster care, Medi-Cal coverage, Healthy Families, Cash Assistance Program for Immigrants, substance abuse treatment, dental health disease prevention, and domestic violence. In addition, changes are proposed to sentencing options for low-level offenders that could result in incarceration in local jails instead of state prison. This shift could have potentially significant fiscal and operational impacts on the County. The County has not yet determined an estimated fiscal impact of these cost shifting reductions. Further, cuts are proposed to funding for counties to administer child welfare services that would result in the loss of protective service workers and a corresponding reduction in the timeliness and quality of services. In the area of public health, the County estimates a loss of $1.6 million for human immunodeficiency virus education and prevention and $300,000 for maternal, child and adolescent health programs. In the area of IHSS, the proposals to tighten eligibility criteria and reduce the wages of IHSS workers would likely result in several millions of dollars in savings to the County. The County continues to review the 2009-10 State Budget and other State financial information and expects to develop its response as more information becomes available. See "State of California Budget Information" herein.

Fund Balance and Reserves Policy

The County's Fund Balance and Reserves Policy (the "Fund Balance and Reserves Policy") establishes guidelines regarding the use of fund balance and the maintenance of reserves in the General Fund. Pursuant to the Fund Balance and Reserves Policy, subject to a waiver of all or a portion of such policy by the Board of Supervisors, the County will maintain a General Reserve (the "General Reserve") with a targeted amount equivalent to 5% of budgeted General Purpose Revenues to fund legally declared emergencies, a Contingency Reserve (the "Contingency Reserve") with a targeted amount equivalent to 2% of budgeted General Purpose Revenues to fund unanticipated needs of the County or offset revenue shortfalls during the Fiscal Year and a General Fund unappropriated, unreserved, undesignated fund balance at the targeted level of 10% of the budgeted General Purpose Revenues. In the Fiscal Year 2009-

10 CAO Proposed Operational Plan, it is proposed to instead create a fund balance designation to represent this target. In the event that the General Reserve, the Contingency Reserve or the General Fund fund balance designation falls below their targeted levels, the CAO will present a plan to the Board of Supervisors for restoration of those levels.

As of March 31, 2009, the County's year-end balances are expected to exceed the County's 17% Reserve Policy. The General Purpose Revenues in the Fiscal Year 2009-10 Proposed Budget total $950.7 million. The general reserve is currently $55.5 million, which exceeds the reserve requirements of $47.5 million for Fiscal Year 2009-10. The General Fund Appropriated Contingency Reserve is proposed at $20.0 million, which exceeds the target level for Fiscal Year 2009-10. For Fiscal Year 2009-10, the General Fund unappropriated, unreserved, undesignated fund balance target would be $95.1 million. However, it is proposed instead to create a fund balance designation to represent this target. The designation would be set at $100.0 million, slightly above the 10% level. As of May 12, 2009, $284.62 million remains unappropriated. See "– Budget and Financial Position of the County" and "– County's 2009-10 Proposed Budget and the Operational Plan," herein.

Teeter Plan

In Fiscal Year 1993-94, the County adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1, of the Revenue and Taxation Code of the State of California (also known as the "Teeter Plan"). This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at Fiscal Year end. Under this plan, the County assumes an obligation to advance funds to these entities to cover expected delinquencies. The County's general fund benefits from future collections of penalties and interest on delinquent taxes collected on behalf of participants in this alternative method of apportionment.

From June 1996 through June 2005, the County issued on an annual basis its Teeter Obligation Commercial Paper Notes ("Teeter Notes") to finance delinquent property tax receivables. The County has not issued Teeter Notes to fund delinquencies since June 15, 2006. All of the County's Teeter Notes have been paid in full. The County intends to fund its obligations under the Teeter Plan through available monies in the General Fund. There are currently no plans to issue Teeter Notes in the future.

Temporary Transfers

Section 6 of Article XVI of the California Constitution provides for temporary transfers of funds by the Treasurer-Tax Collector of the County (the "Temporary Transfers"; such transfers are referred to as Treasurer's Loans from time to time) to cover short-term operational deficits occurring as a result of imbalances between receipts and expenditures. The California Constitution prohibits Temporary Transfers by participants of the Treasury Pool (herein defined) (including the County) prior to the first day of the Fiscal Year or after the last Monday of April of each Fiscal Year, and of amounts in excess of 85% of the school district taxes levied by a county under Section 21 of Article XIII of the California Constitution and of amounts apportioned to such school district under Section 6 Article IX of the California Constitution. Treasury Pool participants may utilize Temporary Transfers from time to time for various purposes. A Temporary Transfer must be repaid from the Treasury Pool participant's first revenues received thereafter before any other obligation and thus, in the case of the County, would have a priority over the County's general fund debt obligations. The County has not received any Temporary Transfer in the past ten years.

San Diego County Employees Retirement Association

The following information concerning the San Diego County Employees Retirement Association (the “Association”) has been excerpted from publicly available sources, which the County believes to be accurate, or otherwise obtained from the Association. The Association is not obligated in any manner for payment of debt service on the County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program Note Participations, Series 2009 (the “Notes”), and the assets of the County’s pension plan are not available for such payment.

General

The Association, which was established July 1, 1939 under provisions of the County Employees Retirement Law of 1937 (the “Retirement Law”), administers the County’s cost-sharing multiple-employer defined benefit pension plan covering substantially all compensated employees of the County. Benefits under the County’s pension plan are paid in finite amounts, derived from a formula based on age, service credit and levels of compensation, as calculated by the Association in accordance with applicable law and agreements. As of June 30, 2008, there were 18,041 active members, 12,991 retired members and beneficiaries and 5,147 deferred members. Deferred members are those members whose employment has terminated with a participating employer and who left their respective retirement contributions with the Association. The System operates on a fiscal year basis, with its year ending June 30. The pension plan has three tiers. Tier A is the current open system. Tier I is closed to new entrants, but has active members (66 as of June 30, 2008), and Tier II was eliminated for active members. See “County of San Diego Employees – Negotiated Retirement Amendments” herein for a description of anticipated modifications to the existing benefit tiers.

The County is one of the employers that participates in the Association. In addition to the County, participating employers include the San Diego Superior Court (the “Court”), the Local Agency Formation Commission, the San Dieguito River Valley Joint Powers Authority, and the San Diego County Office of Education. The County and these other participating employers are collectively referred to herein as the “Employers” and contributions to the Association made by such Employers are referred to herein as “Employer Contributions”. The County is obligated to make approximately 91.2% of the annual Employer Contributions to the Association and the other participating employers are obligated to make approximately 8.8% of the annual Employer Contributions to the Association, based on the estimated relative percentage of payroll of the County and the other participating employers for Fiscal Year 2007-08.

General Funding Practices of the Association

Introduction. The Retirement Law requires the Association to commission an actuarial valuation and an experience study at least every three years. The Association’s practice has been to conduct an actuarial valuation on an annual basis as of June 30 of each year, which is the end of the Association’s fiscal year. The valuation must be completed by an Enrolled Actuary, covering the mortality, service, and compensation experience of the members and beneficiaries, and must evaluate the valuation assets and actuarially determined liabilities of the Association. The Retirement Law requires the Retirement Board of the Association (the “Retirement Board”) to recommend to the Board of Supervisors and the other Employers such changes in the rate of contribution by the Employers and members, and in the County’s and the other Employers’ appropriations as necessary. Once the Retirement Board recommends any such changes, the Retirement Law requires the Employers (including the County) to implement such changes. The most recent actuarial valuation is as of June 30, 2008. The Segal Company has been retained as the Association’s actuary (the “Actuary”).

UAAL and its Calculation. Currently, the Association uses the "entry age normal cost method" to calculate the Employers' annual rates of contribution. The actuarially required contribution has two components, the "normal cost" and the amortized amount of the unfunded actuarial accrued liability ("UAAL"). Normal cost represents the portion of the actuarial present value of the benefits that the Employers and their respective employees will be expected to fund that are attributable to a current year's employment. The amortization of the UAAL represents the current year's portion of the unfunded accrued costs (*i.e.*, the UAAL) attributable to past years' employment. The UAAL may increase or decrease as a result of changes in actuarial assumptions, benefit improvements and other experience which differs from that anticipated by the actuarial assumptions. There is a lag between the point in time at which the actuary completes the actuarial valuation and the date that the contribution rates calculated in the valuation go into effect. This lag is typically 12 months. For example, the recommended contributions contained in the actuarial report as of June 30, 2008 would apply to contributions to be made by the County and the other Employers for the fiscal year beginning July 1, 2009.

The UAAL is an estimate based on a series of assumptions that operate on demographic data of the Association's membership. This process is necessary to determine, as of the date of the calculation, how sufficient the assets in the Association are to fund, as of the date of calculation, the accrued costs attributable to currently active, deferred vested members and retired members. The funding sufficiency is typically expressed as the ratio of the valuation assets to the actuarial accrued liabilities. If the actuarially calculated funding level of a plan is less than 100%, the plan has a UAAL. Examples of the actuarial assumptions that are used in this process are the assumed rate of earnings on the assets of the plan into the future, the assumed future pay increases for current employees, assumed rates of disability, the assumed retirement ages of active employees, the assumed marital status at retirement, and the post-employment life expectancies of retirees and beneficiaries.

When measuring assets for determining the UAAL, many pension plans, including the Association, "smooth" gains and losses to reduce volatility. If in any year the actual investment return on the Association's assets is lower or higher than the actuarial assumed rate of return (which is 8.25%, net of expenses), then the shortfall or excess is smoothed or spread over a five-year period. The impact of this will result in "smoothed" assets which are lower or higher than the market value of assets depending upon whether the remaining amount to be smoothed is either a net gain or a net loss.

Further, various plans use different amortization periods for paying off (or "amortizing") a UAAL. Some plans use different rolling periods and still others use "fixed" periods such as a 30-year fixed period, meaning that the actuarially required contribution in a particular year would be the unfunded actuarial accrued liability amortized over the remaining years in the fixed period. On June 17, 2004, the Retirement Board changed the Association's amortization period from a 15-year rolling amortization period to a 20-year fixed layered amortization period.

The 20-year fixed layered method of amortizing the UAAL amortizes each year's change in UAAL over a new 20 year period. Accordingly, the increase or decrease in UAAL from the current year's actuarial valuation began a new 20 year amortization schedule and the prior year increase or decrease in UAAL has 19 years remaining on its 20 year amortization schedule. As with other assumptions, the Retirement Board may change the amortization period from time to time, which would result in the Employer's contributions to the Association in a particular year being higher or lower.

Investors are cautioned that, in considering the amount of the UAAL as reported by the Association and the resulting amounts of required contributions by the County and the other Employers, this is "forward looking" information in that it reflects the judgment of the Retirement Board and the Association's actuary as to the amount of assets which the Association will be required to accumulate to fund future benefits over the lives of the currently active employees, vested terminated members and existing retired members. These judgments are based upon a variety of assumptions, one or more which may prove to be inaccurate or be changed in the future, and will change with the future experience of the Association.

Demographic Assumptions. The Retirement Board and the Association's actuary review the various demographic assumptions that are employed in calculating the UAAL against actual experience at least every three years. The Association's actuary last conducted an experience study in January 2007 with respect to results as of June 30, 2006. Pursuant to the experience study, the Retirement Board elected in April 2007 to modify certain of the assumptions used to calculate the UAAL. The changed assumptions included the assumed future pay increases for current employees, the assumed rates of disability, the assumed retirement ages of active employees, the assumed ordinary withdrawal and vested termination rates, and the post-employment life expectancies of retirees and beneficiaries. The changed assumptions are included in the actuarial valuation report as of the year ended June 30, 2008. The next experience study is expected to be conducted in 2010 with respect to results as of June 30, 2009.

Economic Assumptions. Currently, the Association assumes a rate of return on investments of 8.25%, projected salary increases of 5.25% (inclusive of an assumed inflation rate of 3.75%, an across the board increase of 0.50% and merit and longevity increases) and cost of living adjustments of 3.00% of a member's retirement income. The Association uses an asset smoothing methodology pursuant to which the expected investment return on the market value of assets (instead of the expected return on the valuation value of assets) will be compared to the actual investment return on the market value of assets, and the difference will be "smoothed" over a five-year period.

Historically, the Retirement Board received on an annual basis, the Actuary's recommendations on the economic assumptions to be used by the Actuary to project the assets and liabilities of the pension fund, including the actuarial assumed rate of earnings. On June 19, 2008, the Retirement Board, after a presentation from the Actuary, elected to perform the review of the economic assumptions every three years instead of annually. The next economic assumptions review will be conducted in conjunction with the next experience study, which, as noted above, is expected to be conducted in 2010 with respect to results as of June 30, 2009. The results of both will be used to prepare the June 30, 2010 valuation report. The County cannot predict at this time the further recommendations to be made by the Actuary, the Retirement Board's determinations with respect thereto and their potential effects on the Association's assets and liabilities or the contributions to be made by the County, other employers and their respective employees.

Funding Status of the Association

Current Status. As of June 30, 2008, the date of the most recent actuarial valuation report, the valuation value of assets of the Association was approximately $8.237 billion and the actuarial accrued liability was approximately $8.722 billion, resulting in a funded ratio of approximately 94.4% and an UAAL of approximately $485.5 million. The actuarial value of assets and the UAAL may increase or decrease as a result of investment results of the Association increasing or decreasing below the actuarially assumed rate of 8.25% per annum as a consequence of increases or decreases in the securities market. No assurance can be given that the actuarial value of assets of the Association will not materially decrease. The Association reported a total market value of net assets of $5.916 billion as of April 30, 2009, compared to $8.408 billion as of June 30, 2008, a $2.492 billion decline in net assets resulting from recent market events. The investment results through the remainder of Fiscal Year 2008-09, in addition to the losses referenced in the foregoing sentence, will be factored into the June 30, 2009 actuarial valuation. If these losses are sustained, there will be a material adverse effect on the actuarial value of the assets, the funded ratio and the employer contributions beginning in Fiscal Year 2010-11. See "County Financial Information – San Diego County Employees Retirement Association – UAAL and its Calculation" herein.

Historical Funding Status. Table 9 below sets forth for each of the ten years ended June 30, 2008 the amount of the total Employer Contributions made by the County and the other Employers, the UAAL as of the end of each such fiscal year and the funded ratio of the Association as of the end of each such fiscal year.

TABLE 9

HISTORICAL FUNDING STATUS
Fiscal Years Ended June 30, 1999 through 2008
(In Millions)

Fiscal Year	Employer Contribution[1]	Employer Offsets[1]	UAAL[2]	Funded Ratio
1999	$ 0.0	$36.4	$ (221.8)	107.4%
2000	0.0	38.2	(319.8)	109.9
2001	2.0	39.1	(238.8)[3]	106.8
2002	5.3	45.2	905.1[3][4]	82.5[3][4]
2003	12.2[5]	53.9	1,435.4[3][5]	75.5[3][5]
2004	195.0[5]	55.2	1,202.7[5]	81.1[5]
2005	260.0[6]	56.1	1,378.4	80.3
2006	243.7[7]	58.8	1,232.3	83.6
2007	258.2[8]	62.3	832.1	89.7
2008	236.8	68.7	485.4[9]	94.4

Source: The County.

(1) These contribution amounts reflect the aggregate contribution amount of all Employers and not only that of the County. In each year the amounts indicated under the columns Employer Contribution and the Employer Offsets were based on the valuations as reported in the actuarial valuation dated as of the end of the second preceding year ended June 30. The County share of Employer Contributions and Employer Offsets are estimated to be approximately 91.2% based on the estimated relative percentage of payroll of the County for Fiscal Years 2007-08. See “County Financial Information – San Diego County Employees’ Retirement Association – General” herein.

(2) Negative numbers represent an actuarially accrued surplus.

(3) From June 30, 2001 to June 30, 2003, a number of events adversely affected the UAAL and the funded ratio, including, but not limited to, (1) effective March 8, 2002, the Board of Supervisors increased retirement benefits for active employees which in turn increased actuarially determined liabilities, (2) investment results of the Association were below the actuarially assumed rate of 8.25% per annum as a consequence of declines in the securities market; (3) the Association adjusted several demographic assumptions based on a regular experience study conducted by its actuary that evaluates the reasonableness of the Association’s assumptions and implemented those in the actuarial valuation report as of June 30, 2003; (4) the Association ceased including amounts in the Undistributed Reserve (as defined herein) as valuation assets when calculating the Association’s UAAL; and (5) deviations occurred between actual experience and those assumptions used in calculating the UAAL.

(4) The UAAL and Funded Ratio indicated for the fiscal year ending June 30, 2002 are those calculated in an October 2002 actuarial valuation. The October 2002 actuarial valuation report reflected the contribution by the County of $550 million of proceeds of the 2002 POBs to the Association on October 3, 2002.

(5) Employer Contributions do not include any of the amounts contributed by the County from the proceeds of the issuance of the POBs in the indicated Fiscal Years. However, such amounts are reflected in the UAAL and Funded Ratios of the Association as of the end of such Fiscal Years.

(6) Includes $235.1 million of required contributions plus an additional discretionary contribution of $24.9 million.

(7) Includes $203.7 million of required contributions plus an additional discretionary contribution of $40.0 million.

(8) Includes $231.3 million of required contributions plus an additional discretionary contribution of $26.9 million.

(9) Excludes a total unsmoothed loss of $99.0 million as of June 30, 2008, which amount will be spread over the five years ending June 30, 2013. See “County Financial Information – San Diego County Employees Retirement Association – UAAL and its Calculation” herein.

Employee Contributions Paid by the Employers. In addition to making annual contributions to the Association in accordance with the applicable actuarial valuation, the Employers also have agreed pursuant to the collective bargaining arrangements with their employee unions dating back to 1982 to pay a portion of the employees’ required contribution to the Association (these payments by the Employers are referred to herein as the "Employer Offsets"), which, for non-safety employees of the Employers range from 3% to 9.5% of their salary, and for safety employees range from 2.75% to 16.8% of their salary. In most instances, the amount of Employer Offsets will be less than the total required employee annual contribution. See "County Financial Information – San Diego County Employees Retirement Association – Historical Funding Status" herein for information regarding payments by the Employer of Employer Offsets for each of the ten years ending June 30, 2008.

Prospective Funding Status of the Association

Table 10 below sets forth projections by the Association's actuary relating to future Employer Contribution amounts, Employer Offsets, UAAL, and funded ratio. The information contained in this table, and the related assumptions, are "forward-looking" in nature and are not to be construed as representations of fact or representations that in fact the various tabular information shown will be the correct amounts for the years indicated. Rather, these reflect good faith estimates by the Association's actuary and the Association, taking into account a variety of assumptions, a number of which are discussed herein. Accordingly, prospective investors are cautioned to review these estimates as general indications of orders of magnitude and not as precise amounts. Although the actual decline in the total market value of net assets of the Association between July 1, 2008 and April 30, 2009 was 29.6%, Table 10 sets forth the prospective funding status of the Association assuming a 32% loss is experienced for the July 1, 2008 through June 30, 2009 period, followed by earnings of 8.25% in all subsequent years reflected in the table. The County cannot predict whether the Association will achieve this assumed rate of return in the current or future years.

TABLE 10

PROSPECTIVE FUNDING STATUS OF THE ASSOCIATION
Fiscal Years Ended June 30, 2009 through 2015
(In Millions)

Fiscal Year	Employer Contributions(1)(2)(3)	Employer Offsets(1)(2)(3)	UAAL(1)(2)(3)	Funded Ratio(1)(3)
2009	$234	$72	$ 982	89.5%
2010	216	75	1,878	81.2
2011	264	78	2,828	73.5
2012	344	81	3,810	66.7
2013	431	84	4,674	61.7
2014	525	88	4,716	63.9
2015	614	92	4,677	66.5

Source: The Segal Company.

(1) The following assumptions have been applied in preparing the foregoing estimates:

(a) The annual investment return on the market value of assets will be negative 32% from July 1, 2008 through June 30, 2009 and 8.25% per year thereafter. Under the Retirement Board's asset smoothing method, if actual return on market value of assets is above/below the expected return on market value of assets, the difference between the actual and the expected return will be recognized over a five-year period. There was a total of $99.0 million in unrecognized investment loss as of June 30, 2008, prior to accounting for the negative 32% return for Fiscal Year 2008-09.

(b) With the exception of the investment return, all of the other actuarial assumptions used in developing the contribution rates in the June 30, 2008 valuation will be met in the future.

(c) In projecting the payroll, the Actuary assumed that the estimated Fiscal Year 2008-09 payroll of $1,135.4 million used in the June 30, 2008 actuarial valuation will increase by 4.25% per annum.

(d) The Retirement Board's current valuation methodologies, such as the 20-year fixed layered amortization period for the UAAL and the five-year smoothing asset valuation method (described in (a)), will remain unchanged.

(e) The Employer Offsets (*i.e.*, the County's pickup of member contributions) of about $69 million (reported by the Association for the 2007-08 Fiscal Year) will increase by 4.25% per year (3.75% inflation plus 0.50% across-the-board salary increase) as assumed in the June 30, 2008 valuation. The Employer Offsets for Fiscal Year 2008-09 and thereafter have been approximated by increasing the prior year's offsets by 4.25%. See "County Financial Information – San Diego County Employees Retirement Association – General" herein. This is a simplifying assumption as the actual Employer Offsets amount is governed by bargaining agreements with employee groups and actual membership demographics.

(f) Assumes the Retirement Board will transfer earnings sufficient to maintain a 1% Contingency Reserve.

(g) The above projections do not reflect the impact of any assumption changes that may be adopted by the Board after the June 30, 2008 valuation.

(2) The County is obligated to make approximately 91.2% of the annual Employer Contributions to the Association and the other participating employers are obligated to make approximately 8.8% of the annual Employer Contributions to the Association, based on the estimated relative percentage of payroll of the County and the other participating employers for Fiscal Year 2007-08.

(3) In each year the Employer-Required Contribution and the Employer Offsets will be based on the UAAL as reported in the actuarial valuation dated as of the end of the second preceding year ended June 30. Indicated projected amounts under the columns entitled "UAAL" and "Funded Ratio" are as of June 30 of the years indicated.

The amounts shown in the foregoing table reflect a transfer of Excess Earnings (herein defined) sufficient to maintain the amount on deposit in the contingency reserve (the "Contingency Reserve") equal to 1% of the market value of all of the Association's assets. The amounts in the foregoing table do not account for any other transfers of Excess Earnings to non-valuation assets. See "County Financial Information – San Diego County Employees Retirement Association – Transfers of Investment Earnings by the Association" for a description of how transfers from Excess Earnings remove assets from valuation assets which, over time, may increase the UAAL and the required contributions of the County and the other Employers. Such transfers will most likely occur in one or more of the years shown, but the amounts to be transferred and the timing of such transfers, if any, remains unknown. If such transfers occur in one or more of the years shown, the effect of such transfers will be to increase Employer Contributions and UAAL. The Association has adopted an Excess Earnings Policy that governs the allocation of Excess Earnings to non-valuation assets. See “County Financial Information – San Diego County Employees Retirement Association – Transfers of Investment Earnings by the Association – Excess Earnings Policy,” herein.

Investment Policy.

General. The Retirement Law grants the Retirement Board exclusive control over the investment of the Association’s assets. The Retirement Law provides general guidelines which generally require the Retirement Board to manage the investments for the purpose of providing benefits to members, minimizing Employer Contributions, and defraying the reasonable expenses of administering the Association. The Retirement Law further requires the Retirement Board to manage the Association’s investments prudently and to diversify investments.

The Retirement Board has adopted an investment policy statement and related policies to ensure that the Association’s investments are managed prudently and in compliance with the Retirement Law. These policies set investment return and risk objectives and provide for extensive guidelines with respect to the diversification of assets, the appropriate securities, lending of securities, commission recapture, value-added strategies, proxy voting, and corporate governance issues. The Association’s assets are diversified across asset classes, including equity, fixed income and real estate assets, and within asset classes. Table 11 below sets forth the Association’s current asset allocation policy (the “Asset Allocation Policy”). The asset allocation policy is managed and monitored by the Association’s staff with the assistance of external investment consultants. As of June 30, 2008, that total portfolio market value was $8.408 billion. As of April 30, 2009, that total portfolio market value was $5.916 billion.

TABLE 11

SAN DIEGO COUNTY EMPLOYEES RETIREMENT ASSOCIATION
ASSET ALLOCATION POLICY[1]

Asset Class	Long-Term Strategic Allocation %	Asset Class	Implementation Targets %
U.S. Equity[2]	23%	U.S. Equity[2]	19%
Non-U.S. Equity	24	Non-U.S. Equity	19
Emerging Market Debt	4	Emerging Market Debt	4
High Yield Fixed Income	3	High Yield Fixed Income	3
Real Estate	10	Real Estate	10
Commodities	4	Commodities	4
Infrastructure	5	Infrastructure	5
Private Equity	5	Private Equity	5
Return Driven Assets	**78%**		**69%**
		Opportunistic[3]	8
		Bridgewater All-Weather	4
			12%
U.S. Bonds	17	U.S. Bonds	14
U.S. TIPS	5	U.S. TIPS	5
Low-Risk Assets	**22%**		**19%**
Total	**100%**	**Total**	**100%**

Source: San Diego County Employees Retirement Association.

(1) The current Asset Allocation Policy was approved on October 18, 2007 and became effective January 1, 2008.

(2) As of April 30, 2009, this target portfolio allocation was split between small capitalization stocks which represented 1.9% of the target portfolio allocation, and large capitalization stocks, which represented 17.1% of the target portfolio allocation .

(3) The Board has adopted a policy allocation of up to 8% of total assets to "Opportunistic" investments that have acceptable risk/return characteristics, and which can further the diversification of the investment program. Such investments may include, but are not limited to, bank loan funds, distressed mortgage debt, niche private investments, certain types of hedge funds, and convertible bonds.

The assumed rate of return adopted by Retirement Board and applicable to the projection of the Association's assets and liabilities is higher than the expected compound annual passive return of the Association's Asset Allocation Policy, 7.1%, as calculated by the Association's Investment Consultant. The Investment return assumption of 8.0% recommended by the Actuary is based on a number of assumptions, including the average assumed passive rate of earnings by asset class from a sample of investment consultants to several public pension funds including the Association's investment consultant and then applied to the Association's asset allocation policy portfolio. In 2005, 2006, 2007 and 2008 the Retirement Board elected to maintain the assumed rate of earnings at 8.25% for the applicable fiscal year, a rate acceptable to the actuary, in part because the active management portfolio strategy of the Association, including the application of the Alpha Engine (herein defined) strategy, as described below, historically yielded rates of earnings substantially higher than the rates recommended by the Actuary. See "County Financial Information – San Diego County Employees Retirement Association – Historical Investment Return". The use of the Alpha Engine has also subjected the Association to certain greater investment risks. The Association diversifies the risks associated with such investments by diversifying the number of fund managers used by the Association and the types of strategies employed by such managers.

Historical Investment Return. The historical annual net investment return on the market value of the Association's assets was 0.72% for the year ended June 30, 2008, 10.07% for the three years then ended, 13.00% for the five years then ended and 8.10% for the ten years then ended. This compares to the 8.25% actuarial assumed rate of return that the Association's actuary uses to calculate the normal Employer and employee contribution rates and the UAAL on a year-to-year basis (which is done by projecting into the future a variety of estimates, including how much will be earned on the assets of the Association in future years). For the ten months ended April 30, 2009, the investment return was negative 26.6%.

Alpha Engine and Hedge Funds. As of April 30, 2009, the 19% target portfolio allocation for U.S. Equity was split between small and large capitalization stocks. Approximately 1.9% of the target portfolio allocation was for small capitalization stocks and 17.1% was allocated to large capitalization stocks. For the large capitalization stock allocation, the Association uses a diversifying strategy that uses swap contracts on the Standard & Poor's 500 index ("S&P 500 Index") to replicate the return generated by U.S. large capitalization stocks together with investments in hedge funds that, in the aggregate, seeks to achieve returns higher than the S&P 500 Index. This program is collectively called the Alpha Engine. As of April 30, 2009, there was approximately $867 million net notional S&P 500 exposure, via futures and swap contracts with a number of counterparties. As of April 30, 2009, approximately $375.3 million, or 43.3% of the Alpha Engine, was held in cash. There were twelve hedge fund investments in the Alpha Engine with an approximate market value of $491 million, or 8.3% of the total market value of the portfolio. At the aggregate level, volatility is diversified and controlled. The target volatility of the Alpha Engine and the expected risk of the strategy is consistent with other active S&P enhancement implementations offered commercially.

On December 18, 2008, the Board approved a reduction in the Alpha Engine to address increased market volatility. The program was reduced by approximately 4%, achieved through a reduction in the hedge fund managers' allocations and an increase in cash collateralization. On April 16, 2009, the Board of Retirement approved the winding down of the Alpha Engine. The large capital diversified equity strategy will be implemented, in the near term, using a passive strategy in which the S&P swaps are fully collateralized with cash. Nine of the existing fourteen hedge funds in the Alpha Engine will be moved to the Opportunistic investment category, one hedge fund will be moved to High Yield and four hedge funds will be terminated. It is expected that the Alpha Engine strategy will be fully dismantled by the end of June 2009,

On February 25, 2009, the United States Attorney's Office and the Federal Bureau of Investigation arrested the two principals of WG Trading Company ("WG TC"), a limited partnership fund in which SDCERA invested, on charges of securities fraud, wire fraud, and conspiracy to commit securities fraud and wire fraud. On the same day, all entities connected with the principals of WG TC were placed in receivership at the request of the Securities and Exchange Commission (the "SEC"). As of December 31, 2008, SDCERA had $78 million invested with WG TC. On December 31, 2008, based on WG TC's refusal to promptly and completely answer all questions presented during a due diligence investigation, SDCERA terminated the WG TC relationship and requested a full redemption of its investment. The decision to terminate the WG TC relationship was a result of issues and concerns that arose during the due diligence review. Fraud was not suspected at the time. SDCERA's agreement with WG TC allows for a six-month redemption window. The assets have not yet been returned to SDCERA. To preserve its interests in the holdings of WG TC, on March 25, 2009 SDCERA filed a motion to intervene in the two lawsuits brought by the Commodity Futures Trading Commission and the SEC against WG TC, its principals and certain related entities. The motion to intervene has been summarily denied and SDCERA plans an appeal.

Transfers of Investment Earnings by the Association

Introduction. Pursuant to statutory authority under the Retirement Law, the Retirement Board annually directs the crediting of the Association's investment earnings to reserves, some of which are part of valuation assets and some of which are not. Valuation assets are those assets used in calculating the UAAL and the funded ratio. For the purpose of such crediting, the Retirement Board has defined investment earnings as current income (*i.e.,* the interest, dividends, and rents) plus net realized capital gains on the book value of the Association's valuation and non-valuation assets. All of the Association's investment earnings are transferred to and kept in a reserve entitled the "Undistributed Reserve," and from there such earnings are transferred in accordance with Retirement Board policy. The Undistributed Reserve is currently not part of valuation assets and, except in certain limited circumstances described herein, amounts in the Undistributed Reserve are not included as assets for purposes of calculating the Association's UAAL.

Pursuant to the statutory authority of the Retirement Law, the Retirement Board has adopted an "Interest Crediting and Excess Earnings Policy", most recently amended in August 2007, which directs that investments earnings be transferred from the Undistributed Reserve to the following Association reserves, effectively, in the following order. First, such earnings are credited to the Association's valuation assets up to an amount determined by the Retirement Board's policies, currently in an amount equal to 8.25% of the value of the Association's valuation assets as of the end of the prior fiscal year. Second, a portion of such earnings is transferred to a Contingency Reserve to maintain the amount on deposit in the Contingency Reserve, which is not part of valuation assets, equal to one percent of the total market value of assets of the Association. The Association may transfer amounts from the Contingency Reserve to valuation assets when current investment earnings are insufficient to credit the valuation asset reserves with the 8.25% interest target. Earnings in excess of the amounts transferred to the Contingency Reserve are referred to herein as "Excess Earnings." The Association currently uses the change in actuarial value methodology to calculate Excess Earnings.

The Retirement Law permits the Association to use any Excess Earnings to fund the County Contribution Reserve to reduce any UAAL, to fund existing supplemental benefit reserves, and to fund new supplemental benefits, as may be adopted by the Retirement Board.

Excess Earnings Policy. The Retirement Board adopted an Excess Earnings Policy effective July 1, 2007 (the "Excess Earnings Policy") pursuant to which, after crediting the mandatory reserves with the assumed rate of interest, Excess Earnings would be available as follows:

- If the funded ratio of the Association as of any Fiscal Year end is below 90%, all Excess Earnings will be used to fund the pension liability.

- If the funded ratio of the Association as of any Fiscal Year end is between 90% and under 100%, 75% of Excess Earnings will be used to fund the pension liability and the remaining 25% will be available to the Retirement Board for use at its discretion.

- If the funded ratio of the Association as of any Fiscal Year end is between 100% and under 115%, 50% of Excess Earnings will be placed in the Contingency Reserve and 50% will be available to the Retirement Board for use at its discretion.

- If the funded ratio of the Association as of any Fiscal Year end is 115% or greater, the Retirement Board has total discretion as to the use of Excess Earnings.

Allocation of Excess Earnings to reserves that are not part of valuation assets may impact the UAAL and thus the amount of Employer Contributions required to fund pension benefits in the future. When earnings are held outside of valuation assets, those amounts are not available to decrease the UAAL because they are not available to pay benefits under the County's pension plan.

Historical Transfers of Investment Earnings. Table 12 below sets forth the amount of the Association's investment earnings that the Retirement Board has transferred from the Undistributed Reserve into reserves that are separate from valuation assets during the ten fiscal years ending June 30, 2008:

TABLE 12

TRANSFERS OF INVESTMENT EARNINGS
TO NON-VALUATION RESERVES
Fiscal Years Ended June 30, 1998 through 2008
(In Millions)

Fiscal Year	Post-Retirement Healthcare[1]	STAR COLA[2]	Contingency Reserve[3]	Total
1999	$ 7.3	$ 0.0	--	$ 7.3
2000	32.0	9.8	--	41.8
2001	45.5	8.2	--	53.7
2002	117.0	24.2	$35.3	176.5
2003	0.0	0.0	0.0	0.0
2004	0.0	19.6	19.8	39.4
2005[4]	0.0	9.3	8.5	17.8
2006	31.4	10.0	9.7	51.1
2007[5]	0.0	26.4	11.1	37.5
2008	0.0	0.0	(0.4)	(0.4)
Total[6]	$233.2	$107.5	$84.04	$424.7

Source: The Association.

(1) Reflects amounts that the Association transferred to the Health Reserve from Excess Earnings for Fiscal Years 1998-99 through 2007-08. The Health Reserve was originally established to hold amounts with which the Association reimbursed the County for amounts that the County contributed for the payment of post-retirement healthcare benefits. See footnote (5) below regarding the restructuring of the Health Reserve in Fiscal Year 2007-08.

(2) Reflects amounts that the Association has transferred from Excess Earnings to a reserve established for the payment of STAR COLA. The Association began providing STAR COLA benefits in the year ended June 30, 1999, and transfers to the STAR COLA reserve began in the year ended June 30, 1998. The STAR COLA reserve was originally established to hold amounts to fund a supplemental targeted cost of living adjustment. See footnote (5) below regarding the restructuring of the STAR COLA reserve effective June 30, 2007.

(3) Reflects amounts that the Association has transferred from the Association's investment earnings to the Contingency Reserve. The Contingency Reserve was created in the fiscal year ended June 30, 2002. Before the creation of the Contingency Reserve, the 1% contingency amounts required by the Retirement Law were maintained in the Undistributed Reserve and were not separated from valuation assets.

(Table continued from prior page.)

(4) The Retirement Board determined that no amounts would be transferred from Excess Earnings to the Health Reserve for the year ended June 30, 2005 based on a determination that the amounts on deposit in the Health Reserve at the time was sufficient to pay post-retirement healthcare benefits for at least 5 years from the date of determination.

(5) In Fiscal Year 2007-08, the Health Reserve was restructured as a "Supplemental Benefits Reserve". See "County Financial Information – Supplemental Pension Benefits" herein. Effective for the June 30, 2007 Valuation Report, the STAR COLA became a prefunded supplemental benefit for certain retirees. The $26.4 million shown in this table was the amount that in addition to the balance in the STAR COLA Reserve was needed to accomplish the prefunding. See "County Financial Information – STAR COLA Benefits" herein.

(6) Reflects the sum of the deposits for the years shown, not the current balance in the reserves.

In certain of the years indicated in the foregoing table, the amounts credited to the STAR COLA reserve and the Health Reserve were actually transferred after the end of the fiscal year with retroactive effect. The Association does not track either the Employer or the departments or funds of any Employer from which retired personnel receiving STAR COLA or health benefits, when in active service, were paid.

Reserve Levels. As of June 30, 2008, $84.0 million was on deposit in the Contingency Reserve, $148.9 million was on deposit in the Supplemental Benefits Allowance Reserve (restructured from the Health Reserve during Fiscal Year 2007-08), $18.9 million was on deposit in the Disability Supplemental Benefits Allowance Reserve, and no funds were on deposit in the STAR COLA or Undistributed Earnings Reserve. For a discussion on actions of the Retirement Board with respect to the transfer of certain Excess Earnings to the Health Reserve and the STAR COLA reserve, see "County Financial Information – San Diego County Employees Retirement Association – Transfers of Investment Earnings by the Association" herein. See also "County Financial Information – STAR COLA Benefits" and "County Financial Information – Supplemental Pension Benefits" herein.

Post-Retirement Healthcare Benefits

General. The Association offers to eligible retirees a health insurance allowance to offset or reimburse the cost of medical insurance premiums. A variety of healthcare and dental plans with varying providers and levels of premiums are sponsored by the Association. Once a retiree elects a particular healthcare or dental plan, the amount of the premium is deducted from the retiree's monthly retirement check. Alternatively, retirees may be reimbursed for health insurance premiums of non-Association sponsored plans. With respect to those retirees who have 10 or more years of service credit before retirement, the Association currently offers a monthly medical allowance that ranges from $200 to $400 depending on the years of service credit and Medicare eligibility. With respect to those retirees who are Medicare eligible, the maximum monthly medical allowance is reduced to $300, but the Association reimburses such retirees for their Medicare Part B premium, which for 2008 is $93.50. Beginning on July 1 of Fiscal Year 2007-08, the Association limited the health insurance allowance to retirees who retired under the Tier I or Tier II plan.

Nature of the Post-Retirement Healthcare Payments. The Retirement Law does not require the Association to provide any post-retirement healthcare payments. In addition, in the opinion of County Counsel, the County has not entered into any collective bargaining agreements or other arrangements that require the County or the Association to maintain post-retirement healthcare benefits (although some members of the Association have stated that the County did promise retirees such benefits, which the County disputes). Therefore, in the view of County Counsel, the Association's payment of post-retirement healthcare benefits is an unvested benefit which can be cancelled at any time and for any reason by the Association. Nonetheless, the Association has continuously provided post-retirement healthcare benefits for many years.

Funding Source for Post-Retirement Healthcare Benefits. The Retirement Law authorizes a mechanism for the payment of post-retirement healthcare benefit costs pursuant to which a portion of the Employers' pension contributions are applied to the payment of these post-retirement healthcare benefits and the amounts of those contributions are credited to the Employers' valuation assets. In years past, the County designated up to 25% of its respective normal cost and employer offset annual contributions to the payment of the monthly medical allowance and Medicare Part B premium reimbursement to be recorded in a separate account (the 401(h) account) under the provisions of section 401(h) of the Internal Revenue Code. The designated amounts were determined by funding the post-retirement healthcare benefits on a pay-as-you-go basis. Upon receiving the County's 401(h) contribution, the Association would transfer an equal amount from the Health Reserve to the County Contribution Reserve (part of the Association's valuation assets) as a credit for the County's current-year contribution. Beginning on July 1 of Fiscal Year 2007-08, the funding mechanism changed. See *"Payment of the Annual Required Contribution for Post-Retirement Healthcare Benefits"* herein. Benefits paid to retirees from the 401(h) account are non-taxable.

New Reporting Requirements Regarding Post-Retirement Benefits. In 2004, the Governmental Accounting Standards Board ("GASB") issued two statements that address other post-employment benefits ("OPEB"), which are defined to include post-retirement healthcare benefits. GASB Statement No. 43, Financial Reporting for Post-employment Benefits Plans Other Than Pension Plans ("GASB 43") and GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions ("GASB 45"), establish accounting and financial reporting standards for OPEB in a manner similar to those currently in effect for pension benefits. The provisions of GASB 43 focuses on the entity that administers such benefits (the Association) while GASB 45 focuses on the employer's reporting requirements (the County). The Statements require an actuarial valuation to determine the funded status of benefits accrued, along with other required information to be disclosed by the Association and the County. The Retirement Board adopted and implemented the provisions of GASB 43 as part of the Association's comprehensive annual financial report for fiscal year ended June 30, 2007. The County has included the required disclosures beginning with the County's comprehensive annual financial report for the fiscal year ended June 30, 2008.

GASB 45 requires substantially different financial accounting of OPEB, or any post-employment benefits that are provided separately from a pension plan, such as post-employment healthcare. For the County, the affected benefits include the post-employment healthcare benefits paid by the Association. GASB 45 seeks to associate the costs of the OPEB with the periods in which the employee services are rendered in exchange for the OPEB. Prior to the requirements of GASB 45, however, OPEB costs were accounted for on a pay-as-you-go basis, which does not require the accrual of costs associated with OPEB that are attributable to current and past fiscal years.

The core requirement of GASB 45 is that at least biennially an actuarial analysis must be prepared with respect to projected benefits ("Plan Liabilities"); against this would be measured the actuarially determined value of the related assets (the "Plan Assets"). To the extent that Plan Liabilities exceeded Plan Assets, then similar to the actuarial and accounting practices for pension plan liabilities, the difference would be amortized over a period which could be up to 30 years. The method of financial reporting for OPEB costs would be similar to financial reporting for pension plan normal costs and UAAL. The requirements that GASB 45 imposes on the County only affect the County's financial statements and would not impose any requirements regarding the funding of any OPEB plans.

Valuation of the Association's Post-Retirement Healthcare Benefits. The Association's actuary conducted an OPEB valuation as of June 30, 2007 (the "2007 OPEB Valuation") with respect to the eligible retirees and the benefit levels set by the Association. According to the 2007 OPEB Valuation, the OPEB actuarial accrued liability as of June 30, 2007 was $235.6 million, none of which was funded.

However, according to the Association's actuary, there were $18.8 million available for benefits in the 401(h) account as of June 30, 2007. The assumptions used in the 2007 OPEB Valuation included an individual entry-age normal cost method, 8.25% investment rate of return and a 20-year level dollar amortization period. The 2007 OPEB Valuation established the employers' annual required contribution ("ARC") to be $23.6 million. The next OPEB valuation will be as of June 30, 2009 and every two years thereafter. Investment losses incurred during the current fiscal year as described under the caption "Funding Status of the Association – Current Status" herein will also be reflected in the 2009 OPEB valuation.

Payment of the Annual Required Contribution for Post-Retirement Healthcare Benefits. The County and other employers have determined to pay the ARC as calculated by the Association's actuary. The payment of the ARC is in addition to the Employers' regular pension contributions and is contingent upon the Association continuing to limit the retiree healthcare benefits to the Tier I and Tier II retirees and at levels no greater than were in effect on December 5, 2006, which are those benefit levels described under the caption "Post-Retirement Healthcare Benefits – General" herein. For the fiscal year ended June 30, 2008, the employers collectively paid $23.6 million to the Association for deposit into the 401(h) account, which satisfied the ARC for that year.

Historical Payments. Table 13 below sets forth the amounts for each of the ten years ended June 30, 2008 that the Association has paid to its members for post-retirement healthcare benefits:

TABLE 13

PAYMENTS FOR POST-RETIREMENT HEALTHCARE BENEFITS
Years Ended June 30, 1999 through 2008

Fiscal Year Ending June 30	Payments for Retiree Healthcare Benefits (in millions)
1999	$ 8.0
2000	9.0
2001	10.8
2002	14.3(1)
2003	20.0(1)
2004	26.4(1)
2005	32.6
2006	32.9
2007	35.3
2008	24.4(2)

Source: The Association.

(1) A portion of the indicated amounts are allocated to the administrative expenses related to the provision of the post-retirement healthcare benefits.

(2) Beginning with Fiscal Year 2007-08, healthcare benefits were paid from the 401(h) account, which had an available balance of $18.8 million on June 30, 2007 and received contributions from the employers of $23.6 million during that fiscal year.

Supplemental Pension Benefits

General. Beginning July 1 of Fiscal Year 2007-08, the Association stopped paying a non-taxable healthcare benefit to its previously eligible General Tier A retirees and Safety retirees covered by the 3% at age 50 benefit formula, and instead started paying to them a taxable pension supplement based on years of service. The source of these payments is the former Healthcare Reserve, which was converted to a Supplemental Benefit reserve. The supplemental benefit allowance ("SBA") ranges from $200 per month (10 years of service) to $400 per month (20 or more years of service). During Fiscal Year 2007-08, a total of $15.7 million was paid from this reserve to Tier A retirees, leaving a balance in the reserve of $148.9 million on June 30, 2008 that is expected to provide for payments to eligible members through approximately 2014. In addition, the Association set aside $20.7 million in excess earnings from Fiscal Year 2006-07 to provide a taxable pension supplement to General Tier A members and Safety members covered by the 3% at age 50 benefit formula, who retire because of a disability. Members who are granted a disability retirement and determined to be totally disabled are eligible for the maximum SBA ($400 per month) regardless of years of service. Members with less than 10 years of service credit who are granted a disability retirement and determined to be partially disabled are eligible for the minimum SBA ($200 per month). During Fiscal Year 2007-08, a total of $1.7 million was paid to these disability retirees, leaving a balance in the Disability Supplemental Benefit Allowance Reserve on June 30, 2008 of $18.9 million.

STAR COLA Benefits

General. The STAR COLA benefits provide retirees with additional cost-of-living adjustments. The Retirement Board's STAR COLA policy preserves 80% of a retiree's purchasing power calculated against when that retiree retired. The Retirement Law does not require the Association to provide any STAR COLA payments. In addition, in the opinion of County Counsel, the County has not entered into any collective bargaining agreements or other arrangements that require the County or the Association to maintain STAR COLA benefits.

Prefunding of STAR COLA Benefits. On August 2, 2007, the Retirement Board approved a permanent STAR COLA pre-funded supplemental cost-of-living increase benefit. This action resulted in the transfer of the assets from the STAR COLA Reserve to valuation assets and the liability for the STAR COLA benefits for eligible members to be incorporated into the overall liabilities of the retirement fund. Eligible members are those whose accumulations equaled or exceeded 20 percent as of January 1, 2007. By this definition, eligible members are Tier 1 members who retired on or before March 31, 1982 and Tier II members who retired on or before March 31, 1989. The permanent STAR COLA benefit will be equal to the STAR COLA amount payable as of April 1, 2007 under the applicable laws. Effective April 1, 2008, this benefit is subject to the same cost-of-living increase paid by the Association on every April 1 up to 3% per annum.

Historical Practice and Payments. Prior to the August 2, 2007 Retirement Board action, the Retirement Board's historical practice had been to maintain an amount in the STAR COLA reserve that the Association's actuary estimated would be necessary to cover the costs of the STAR COLA benefits for current eligible retirees for five years. Each year, the Association's actuary prepared an estimate of the amounts necessary to be contributed to the STAR COLA reserve to meet this targeted level. For a discussion on actions of the Retirement Board with respect to the transfer of certain Excess Earnings to the Health Reserve and the STAR COLA reserve, see "County Financial Information – San Diego County Employees Retirement Association – Transfers of Investment Earnings by the Association" herein.

Table 14 below sets forth the amounts paid by the Association to retirees out of the STAR COLA reserve since 2001. The Association does not track either the Employer or the departments or funds of any Employer from which retired personnel receiving STAR COLA benefits, when in active service, were paid.

TABLE 14

PAYMENTS FROM STAR COLA RESERVE
Fiscal Years Ended June 30, 2001 through 2008

Fiscal Year Ending June 30	Payments from STAR COLA Reserve (in millions)
2001	$ 8.2
2002	8.1
2003	7.2
2004	11.3
2005	11.0
2006	10.7
2007	10.4
2008	0.0

Source: The Association.

Pension Obligation Bonds

Introduction. The County has issued taxable pension obligation bonds ("POBs") and transferred the proceeds to the Association to reduce the UAAL. Under California law, the obligation to fund the UAAL by making actuarially required contributions is an obligation imposed by law. The effect of issuance of POBs is to refinance that obligation and convert it from an obligation to make actuarially required contributions to an obligation to make interest and principal payments on bonds which are sold to the public.

County Pension Obligation Bonds. In February 1994, the County issued $430,430,000 in principal amount of POBs (the "1994 POBs") and in October 2002 the County issued an additional $737,340,000 in principal amount of POBs (the "2002 POBs"), in part to refund a portion of the 1994 POBs. In June 2004, the County issued $454,112,915.70 in principal amount of POBs (the "2004 POBs"). The County has contributed to the Association an aggregate amount of $1,428,500,000 from the issuance of the 1994 POBs, the 2002 POBs and the 2004 POBs to reduce the UAAL. On August 15, 2007, the County prepaid in full all of the $100 million Series 2002C PINES and on February 15, 2008, the County prepaid $20 million of the Series 2002B-1 POBs (herein defined) with available cash, these two prepayments resulted in over approximately $7.5 million of annual interest savings to the County. In August 2008, the County prepaid $44 million of its Series 2002B-1 POBs with available cash, which prepayment resulted in approximately $3.06 million of annual interest savings to the County. On August 7, 2008, the County issued $443,515,000 aggregate principal amount of Taxable Pension Obligation Bonds, Series 2008A (the "2008A POBs") and Series 2008B (Variable Rate Demand Obligations) (the "2008B POBs" and, together with the 2008A POBs, the "2008 POBs"). The proceeds of the 2008 POBs were used to refund all of the then-outstanding 2002 B1-B4 POBs that were originally issued as auction rate securities (the "2002B POBs"). As of May 1, 2009, the County had POBs outstanding in the aggregate principal amount of $1.00 billion. The County may, from time to time, finance all or a portion of the UAAL through the additional issuances of POBs. The County anticipates refunding $100 million aggregate principal amount of its 2008B POBs in Fiscal Year 2009-10 with monies available therefor. This anticipated refunding is not reflected in the projections set forth herein, including the projections set forth in Table 15 or Table 16.

Swaps. The County previously entered into interest rate swap agreements with Citibank, N.A. New York ("Citibank") and Morgan Stanley Capital Services Inc. ("Morgan") (collectively, the "Swap Providers") in connection with a portion of its 2002B POBs. The County terminated its interest rate swap agreements with the Swap Providers on August 7, 2008 upon the issuance of the 2008 POBs.

Pension Related Payments and Obligations

Payments. Table 15 below sets forth the historical and estimated Employer Contributions, Employer Offsets and POB debt service for Fiscal Years 2003 through 2015. The estimates contained in this table, and the related assumptions, are "forward-looking" in nature and are not to be construed as representations of fact or representations that in fact the various estimates shown will be the correct amounts for the years indicated. Rather, these reflect good faith estimates by the County taking into account a variety of assumptions, a number of which are discussed herein. Accordingly, prospective investors are cautioned to review these estimates as general indications of orders of magnitude and not as precise amounts.

TABLE 15

PENSION RELATED PAYMENTS
Fiscal Years Ended June 30, 2003 through 2015
(In Millions)

Fiscal Year	Employer Contributions[1]	Employer Offsets	County Pension Obligation Bonds Debt Service[2]	Total Pension Related Payments
2003[3]	$ 12.2[4]	$53.9	$60.8	$126.9
2004[3]	195.0[4]	55.2	51.9	302.1[5]
2005[3]	260.0	56.1	56.3	372.4
2006[3]	243.7	58.8	63.6	366.1
2007[3]	258.2	62.3	68.8	389.3
2008[2][6]	236.8	68.7	66.1	371.6
2009[2][6]	234.1	72.0	82.0	388.1
2010[2][6]	216.0	75.0	86.0	377.0
2011[2][6]	264.0	78.0	86.0	428.0
2012[2][6]	344.0	81.0	86.0	511.0
2013[2][6]	431.0	84.0	86.0	601.0
2014[2][6]	525.0	88.0	86.0	699.0
2015[2][6]	614.0	92.0	86.0	792.0

Source: The Segal Company; County of San Diego.

(1) These contribution amounts reflect the aggregate contribution amount of all Employers and not only that of the County. The County share of Employer Contributions and Employer Offsets are estimated to be approximately 91.2% based on the estimated relative percentage of payroll of the County for Fiscal Year 2007-08. See "County Financial Information – San Diego County Employees' Retirement Association – General" herein.

(2) The 2008B POBs currently bear interest at a variable rate. The County has assumed that the 2008B POBs will bear interest at 4.06%, which is the 10 year average of one-month LIBOR, plus 0.52% to account for on-going fees. The County converted the variable rate portion of the 2004 POBs to a fixed rate of interest on August 15, 2006.

(3) Actual.

(4) Employer Contributions do not include any of the amounts contributed by the County from the proceeds of the issuance of the POBs in the indicated Fiscal Years. However, such amounts are reflected in the UAAL and funded ratios of the Association as of the end of such Fiscal Years.

(5) Increased total pension payments in 2004 are primarily a result of the implementation of enhanced benefit levels and investment results that were below the actuarially assumed rate of 8.25%. See "County Financial Information – San Diego County Employees Retirement Association – Funding Status of the Association – Impacts to UAAL" herein. Increased total pension payments in 2005 are primarily a result of changes in actuarial assumptions for the valuation as of June 30, 2003 based on an experience study and recognition of smoothed losses.

(6) Estimated. The amounts indicated are subject to the same assumptions as set forth in footnotes (1) through (3) to the "Prospective Funding Status of the Association" table herein. Based on data, results and assumptions used in preparation of the actuarial valuation as of June 30, 2008.

Obligations. Table 16 below sets forth the historical and estimated UAAL and expected outstanding principal amounts of POBs for the years indicated, assuming no additional POBs are issued and the outstanding POBs mature on their respective amortization schedules. The estimates contained in this table, and the related assumptions, are "forward-looking" in nature and are not to be construed as representations of fact or representations that in fact the various estimates shown will be the correct amounts for the years indicated. Rather, these reflect good faith estimates by the County taking into account a variety of assumptions, a number of which are discussed herein. Accordingly, prospective investors are cautioned to review these estimates as general indications of orders of magnitude and not as precise amounts.

TABLE 16

COUNTY PENSION RELATED OBLIGATIONS
Fiscal Years Ended June 30, 2003 through 2015
(In Millions)

Fiscal Year	UAAL	Outstanding Pension Obligation Bonds	Total Outstanding Obligations
2003	$1,435.4	$ 980.8	$2,416.2
2004	1,202.7	1,269.1	2,471.7
2005	1,378.0	1,194.9	2,571.6
2006	1,232.0	1,198.6(1)	2,429.2
2007	832.0(2)	1,192.8(1)	2,024.8
2008	485.4(2)	1,068.2(1)	1,553.6
2009	982.0(2)	1,006.0(1)	1,988.0
2010	1,878.0(2)	974.3(1)	2,852.3
2011	2,828.0(2)	941.3(1)	3,769.3
2012	3,810.0(2)	906.8(1)	4,716.8
2013	4,674.0(2)	870.5(1)	5,544.5
2014	4,716.0(2)	832.3	5,548.3
2015	4,677.0(2)	792.3	5,469.3

Source: The Segal Company; County of San Diego.

(1) Includes a portion of the 2004 POBs issued as capital appreciation bonds (the "CABs"), for which interest accretes semiannually on February 15 and August 15, but is not payable until the final maturity of each respective capital appreciation bond. The initial total issuance amount of the CABs was $64,927,915.70, which will accrete to a total maturity value of $100,170,000 over the respective maturity dates commencing August 15, 2009 and ending August 15, 2015.

(2) Estimated. The amounts indicated are subject to the same assumptions as set forth in footnote (1) to the "Prospective Funding Status of the Association" table herein and in preparation of the actuarial valuation as of June 30, 2008.

Risk Management

The County is required to obtain and maintain general liability insurance and workers' compensation insurance under various types of its financing lease obligations. These financing leases generally require general liability insurance to be issued by a responsible carrier or be in the form of self-insurance or self-funding to cover claims for damages including death, personal injury, bodily injury, or property damage arising from operations involving the facilities covered by such leases, affording protection with a combined single limit loss of not less than $5,000,000 per occurrence with respect to bodily injury, death or property damage liability. In addition, these financing leases generally require the County to obtain and maintain workers' compensation insurance issued by a responsible carrier or in the form of self-insurance or self-funding for all persons provided coverage by the County for workers' compensation benefits in connection with the facilities covered by such leases and to cover full liability for compensation under the labor code requiring workers' compensation. Any self-insurance or self-funding for these risks is subject to certain conditions, including, but not limited to, providing evidence of self-insurance and annual certification to the trustee with respect to such financing leases by an authorized representative of the County's risk management division or an independent insurance consultant of the sufficiency of coverage. Appropriation of such funds as may be necessary for self-funding, are made by the County.

The County operates a Risk Management Program, whereby it is self-insured for general liability, medical malpractice, errors and omissions, and workers' compensation. The County purchases insurance for all risk property damage, boiler and machinery, earthquake on specified locations and certain casualty claims, such as airports, sheriff helicopters, and employee dishonesty and faithful performance of duties. The amount of coverage varies depending on the type of policy. Settlements in the areas covered have not exceeded insurance coverage for each of the past three fiscal years. The County allocated the cost of providing claims service to all its operating funds as a "premium" charge expressed as a percentage of payroll. In accordance with Government Accounting Standards Board Statement 10, "Accounting and Financial Reporting for Risk Financing and Relating Insurance Items," the County established two Internal Service Funds, the Public Service Liability Fund and the Employee Benefits Internal Service Fund (collectively, the "ISF") to report all of its uninsured risk management activities. Risk management liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Actuarial evaluations were obtained which determine estimates of known and projected general liability and workers compensation claim liabilities. At June 30, 2008, the amount of these liabilities, including an estimate for claims incurred but not reported and allocated and unallocated loss adjustment expenses was estimated at $106.2 million, including $19.4 million in public liability and $86.8 million in workers' compensation. As of June 30, 2008, the ISF had available cash in the approximate amount of $109.8 million. The estimate of claims liabilities were recorded in the ISF. In each of Fiscal Year 2006-07 and Fiscal Year 2007-08, the County deposited $4 million into the Worker's Compensation Fund and appropriated sufficient funds to pay anticipated claims. The County's 2008-09 Adopted Budget provides for a deposit of $4 million into the Workers' Compensation Fund in addition to appropriating sufficient funds to pay anticipated claims.

The County will maintain excess workers' compensation insurance for Fiscal Year 2008-09. Following the results of a feasibility analysis, the County will not carry excess liability insurance at this time.

Litigation

Ken Marsh filed a claim against the County seeking damages in excess of $50,000,000 and alleged that the County and certain of its employees conspired with employees of Children's Hospital to wrongfully convict him of the murder of a 2 ½ year old boy. The claim was rejected and on August 9, 2005, the plaintiff filed a complaint for damages in the United States District Court, Southern District of California, Case No. 05cv1568 JLS(AJB). On May 6, 2009, the trial court granted the County's motion for summary judgment. The plaintiff has appealed the ruling. The appeals process is expected to take approximately two years. The County anticipates that any impact of this litigation will not adversely affect the ability of the County to pay its obligations as and when due.

Short-Term Borrowing

In July, 2008, the County issued its Tax and Revenue Anticipation Note Program Note Participations, Series 2008 (the "2008 TRANs") on behalf of itself and certain school districts within the County in an aggregate principal amount of $169,800,000, of which $75,000,000 represent notes issued by the County. The 2008 TRANs mature on June 30, 2009 and the County and school districts have set-aside funds sufficient to timely pay the principal of and interest on the 2008 TRANs. The 2008 TRANs were issued for the purpose of financing seasonal cash flow requirements for general fund expenditures.

During the 1990s, the County has utilized Temporary Transfers from time to time for various purposes, including the finance of County library programs and other County programs. Should the County find it necessary to use a Temporary Transfer, then such borrowing, pursuant to the California Constitution, must be repaid from the first County revenues received thereafter before any other obligation, including the Notes, is paid from such revenues.

General Obligation Debt, Pension Obligation Bonds, Lease Obligations and Long-Term Loans

The County has no outstanding general obligation bonds. As of May 1, 2009, the County had POBs outstanding in the aggregate principal amount of $1.037 billion. Starting with the financing of the El Cajon Administrative Building in 1955, the County has made use of various lease arrangements with joint powers authorities, a nonprofit corporation, a redevelopment agency and private parties to finance capital project needs. Under these arrangements, the financing entity usually constructs or acquires capital assets with the proceeds of lease revenue bonds ("LRBs") or certificates of participation ("COPs") and then leases the asset or assets to the County. As of May 1, 2009, the County had LRBs and COPs outstanding in the aggregate principal amount of $468.5 million. As of May 1, 2009, there were approximately $1.474 billion aggregate principal amount of long-term general fund obligations outstanding. The annual long-term lease payments and annual debt service payments on the LRBs, COPs and POBs of the County aggregate to approximately $134.7 million for Fiscal Year 2009-10 and will aggregate to approximately $126.7 million for Fiscal Year 2010-11. These debt service amounts do not account for the anticipated redemption of a portion of the 2008B POBs. See "County Financial Information – Pension Obligation Bonds" herein.

Table 17 below sets forth a summary of long-term obligations payable from the General Fund:

TABLE 17

COUNTY OF SAN DIEGO
SUMMARY OF LONG-TERM BONDED OBLIGATIONS
PAYABLE FROM THE GENERAL FUND
As of May 1, 2009
(In Thousands)

	Interest Rates	Final Maturity Dates	Original Principal Amounts	Principal Amounts Outstanding
Certificates of Participation:				
San Diego County Capital Asset Leasing Corporation ("SANCAL"):				
1993 Master Refunding, issued May 1993	2.50-5.63%	2012	$ 203,400	$ 21,800
1997 Central Jail Refunding, issued July 1997	4.00-5.42%	2025	80,675	58,135
1998 Downtown Courthouse Refunding, issued December 1998	4.00-4.94%	2023	73,115	42,270
1999 East Mesa Refunding, issued September 1999	3.60-4.75%	2009	15,010	1,815
2000 Information Technology, issued May 2000	4.50-5.13%	2010	51,620	12,435
2002 Motorola, issued March 2002	2.00-5.00%	2010	26,060	6,495
2005 RCS Refunding, issued February 2005	3.00-5.00%	2019	28,885	17,950
2005 Edgemoor, issued February 2005	3.00-5.00%	2030	83,510	79,025
2005 North and East County Justice Facility Refunding, issued				23,405
September 2005	3.25-5.00%	2019	28,210	
2006 Edgemoor Completion Project, issued December 2006	4.00-5.00%	2030	42,390	42,390
Total SANCAL			$ 632,875	$305,720
San Diego Regional Building Authority (SDRBA):				
2001 MTS Tower Refunding, issued September 2001	2.15-5.25%	2019	$ 36,960	$ 25,865
2009 COC Phase 1A, issued February 2009	3.00-5.375%	2036	136,885	136,885
Total SDRBA			173,845	162,750
Total Lease Revenue Bonds and Certificates of Participation			$ 806,720	$ 468,470
Taxable Pension Obligation Bonds:				
Taxable Pension Obligation Bonds, issued September 2002				
Series A	3.88-4.95%	2015	132,215	117,540
Taxable Pension Obligation Bonds, issued June 2004				
Series A	3.28-5.87%	2022	241,360	212,870
Series B1, B2	5.91%	2024	147,825	147,825
Series C[1]	4.66-5.76%	2015	64,928	100,170
Less Unaccreted Value			-	*(16,687)*
Taxable Pension Obligation Bonds, issued August 2008				
Series A	3.33-6.03%	2027	343,515	343,515
Series B1, B2 (Variable Rate Demand Obligations)	Variable Rate	2028	100,000	100,000
Total Pension Obligation Bonds			$1,029,843	$1,005,233
Unamortized Issuance Premium[2]			$	$
Unamortized Issuance Discount[2]				
Total General Fund Long-Term Bonded Obligations			$1,836,563	$1,473,703

Source: The County.

(1) Issued as capital appreciation bonds (the "CABs"), for which interest accretes semiannually on February 15 and August 15, but is not payable until the final maturity of each respective capital appreciation bond. The initial total issuance amount of the CABs was $64,927,915.70, which will accrete to a total maturity value of $100,170,000 over the respective maturity dates commencing August 15, 2009 and ending August 15, 2015.

(2) As of June 30, 2008; audited.

Anticipated Capital Financings

A Capital Improvements Needs Assessment ("CINA") is prepared and presented annually to the Board of Supervisors to guide the development of both immediate and long-term capital projects. The CINA includes a comprehensive list of all current and anticipated capital projects over a five-year period. Capital projects are considered during the annual budget process unless the Board of Supervisors or the CAO recommends mid-year adjustments to the budget as circumstances warrant to meet emergency requirements or to benefit from unusual developments or purchase opportunities. The Fiscal Year 2009-2014 CINA represents $638.7 million in currently funded and approved projects and $641.4 million in partially funded and unfunded priority major and minor capital projects over the five-year time-frame of the CINA. Of the projects included in the CINA, future phases of the COC project, the Women's Detention Facility project and the CAC Waterfront Park project may be debt financed. All other projects will be funded with alternative sources of revenue.

Long-Term Financial Obligation Management Policy

In 1998, the County adopted a long-term financial strategy and policy (as amended, the "Long-Term Debt Policy") to ensure sound financial management practices with respect to County or County-related obligations whose terms exceed one fiscal year (excluding leases in which payments are not securitized). Pursuant to the Long-Term Debt Policy, a Debt Advisory Committee ("DAC") consisting of the Chief Financial Officer, the Auditor-Controller and the Treasurer/Tax Collector was established to review proposed financings; DAC approval is required prior to consideration of a project by the Board of Supervisors. The Long-Term Debt Policy requires that each long-term financial obligation considered by DAC and the Board of Supervisors be accompanied by a cost benefit analysis, the identification of a funding source, and an assessment of the ability to repay the obligation, the impact on the current budget, commitments to future budgets, maintenance and operational impact of the facility or asset and the impact of the County's credit rating. The Long-Term Debt Policy also provides for the filing of notices of completion on all projects within five years of their financing, continuous review of outstanding obligations for economically feasible and advantageous refinancing opportunities and the periodic reporting of unspent capital project funds through quarterly or year-end budget reports. The Long-Term Debt Policy prohibits the use of long-term financial obligations to fund current operations or for recurring purposes, and the issuance of variable rate obligations in excess of 15% of the County's outstanding long-term obligations. Exceptions to the provisions of the Long-Term Debt Policy are permitted in extraordinary conditions.

Swap Policy

In 2004, DAC approved an Interest Rate Swap Policy (the "Swap Policy") establishing guidelines for the execution and management of the County's use of interest rate and other swaps, caps, options, basis swaps, rate locks, total return swaps and other similar products (the transactions involving such products being referred to herein as "Swap Transactions"). The Swap Policy is reviewed and updated as necessary annually by DAC. The County may integrate Swap Transactions into its overall debt and investment management programs in a prudent manner to, among other things, enhance the relationship between risk and return with respect to debt or investments, achieve significant savings as compared to products available in the cash market, provide a higher level of savings, lower level of risk, greater flexibility, or other direct benefits not available in the cash market and achieve more flexibility in meeting overall financial objectives than can be achieved in conventional markets, all in accordance with the parameters set forth in the Swap Policy and consistent with the County's overall long-term financial obligation management policy. Pursuant to the Swap Policy, the total notional amount of all Swap Transactions executed by the County shall not exceed 30% of the outstanding principal of the County's long-term debt obligations at the time of execution. The Chief Financial Officer submits periodic reports to DAC on the status of the County's Swap Transactions, which reports include a summary of the terms of each Swap Transaction, including the credit rating of the counterparty, the value of any collateral that has been posted, the market value of the Swap Transaction, if available, cumulative and periodic cash flows and material changes to existing Swap Transactions, if any, an evaluation of the performance of each Swap Transaction, and a schedule of any new Swap Transactions entered into by the County since the previous report. The County currently has no swap agreements in place.

Overlapping Debt and Debt Ratios

Table 18 sets forth a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics Inc. and dated as of April 1, 2009. The Debt Report is included for general information purposes only. The County has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith. The Debt Report does not include the Notes described in the forepart of this Official Statement.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the County in whole or in part. Such long-term obligations generally are not payable from revenues of the County (except as indicated) nor are they necessarily obligations secured by land within the County. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE 18
COUNTY OF SAN DIEGO
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
(As of April 1, 2009)

2008-09 Assessed Valuation:	$406,374,945,786	(includes unitary utility valuation)
Redevelopment Incremental Valuation:	41,382,809,962	
Adjusted Assessed Valuation:	$364,992,135,824	

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 4/1/09
Metropolitan Water District	18.719%	$ 54,926,226
Grossmont-Cuyamaca Community College District	100.	201,618,898
San Diego Community College District	100.	498,687,880
Other Community College Districts	100.	242,254,962
Oceanside Unified School District	100.	166,840,054
Poway Unified School District School Facilities Improvement District Nos. 2002-1 and 2007-1	100.	253,318,254
San Diego Unified School District	100.	1,380,177,067
Vista Unified School District	100.	136,769,882
Other Unified School Districts	100.	87,904,727
Grossmont Union High School District	100.	252,910,000
Sweetwater Union High School District	100.	347,829,415
Other Union High School Districts	100.	51,025,117
Cajon Valley Union School District	100.	104,195,000
Chula Vista City School District	100.	81,050,000
Other School Districts	100.	383,230,038
Municipal Water Districts	100.	8,395,000
Cities	100.	118,875,000
Grossmont Healthcare District	100.	85,627,076
Palomar Pomerado Hospital District	100.	418,568,319
Community Facilities Districts	100.	1,738,496,805
1915 Act Bonds (Estimated)	100.	181,371,362
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$6,794,071,082

DIRECT AND OVERLAPPING GENERAL FUND DEBT:	% Applicable	Debt 4/1/09
San Diego County General Fund Obligations	**100. %**	**$ 471,810,000** (1)
San Diego County Pension Obligations	**100.**	**986,677,916** (2)
San Diego County Superintendent of School Obligations	100.	16,395,000
Community College District Certificates of Participation	100.	14,860,000
Poway Unified School District Certificates of Participation	100.	127,465,490
Other Unified School District Certificates of Participation	100.	102,098,360
High School District Certificates of Participation	100.	25,670,000
Chula Vista City School District Certificates of Participation	100.	128,975,000
Other School District Certificates of Participation	100.	126,669,849
Otay Municipal Water District Certificates of Participation	100.	63,635,000
City of Chula Vista General Fund and Pension Obligations	100.	137,580,000
City of Escondido General Fund Obligations	100.	73,827,090
City of San Diego General Fund Obligations	100.	445,795,000
City of Vista General Fund Obligations	100.	117,175,000
Other City General Fund Obligations	100.	251,045,000
Special District Certificates of Participation	100.	13,145,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$3,102,823,705
Less: Otay Municipal Water District Certificates of Participation (100% self-supporting)		63,635,000
San Ysidro School District and Sweetwater Union High School District self-supporting Qualified Zone Academy Bonds		1,698,390
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$3,037,490,315
GROSS COMBINED TOTAL DEBT		$9,896,894,787 (3)
NET COMBINED TOTAL DEBT		$9,831,561,397

(1) Excludes tax and revenue anticipation notes to be sold.

(2) Excludes accreted value of capital appreciation bonds.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2008-09 Assessed Valuation:
Total Overlapping Tax and Assessment Debt 1.67%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt ($1,458,487,916) 0.40%
Gross Combined Total Debt 2.71%
Net Combined Total Debt 2.69%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/08: $0

SAN DIEGO COUNTY INVESTMENT POOL

General

Pursuant to a resolution adopted July 8, 1958, the Board of Supervisors delegated to the Treasurer the authority to invest and reinvest funds of the County. Applicable law limits this delegation of authority to a one-year period and must be renewed annually by action of the Board of Supervisors. In addition to funds of the County (and the various departments in the County, such as Public Works and Public Administration), funds of certain local agencies within the County, including school districts in the County, are required under state law to be deposited into County treasury ("Involuntary Depositors"). In addition, certain agencies, including community college districts, invest certain of their funds in the County treasury on a voluntary basis ("Voluntary Depositors" and together with the Involuntary Depositors, the "Depositors"). Deposits made by the County and the various local agencies are commingled in a pooled investment fund (the "Treasury Pool" or the "Pool"). No particular deposits are segregated for separate investment.

Under State law, Depositors in the Pool are permitted to withdraw funds which they have deposited on 30 days notice. The County does not expect that the Pool will encounter liquidity shortfalls based on its current portfolio and investment guidelines or realize any losses that may be required to be allocated among all Depositors in the Pool.

The County has established an Oversight Committee pursuant to State law. The Oversight Committee consists of members appointed from the County Treasurer-Tax Collector, the County Auditor and Controller, a representative appointed by the Board of Supervisors, the County superintendent of schools or his or her designee, a representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the county, a representative selected by a majority of the presiding officers of the legislative bodies of the special districts in the county that are required or authorized to deposit funds in the County Treasury and up to five other members of the public. The Oversight Committee directs the preparation of an annual audit, which audit may include issues relating to the structure of the investment portfolio and its related risk, to determine the County Treasury's compliance with law.

Investments of the Treasury Pool

Authorized Investments

Investments of the Pool are placed in those securities authorized by various sections of the California Government Code, which include obligations of the United States Treasury, Agencies of the United States Government, local and State bond issues, bankers acceptances, commercial paper of prime quality, certificates of deposit (both collateralized and negotiable), repurchase and reverse repurchase agreements, medium term corporate notes, shares of beneficial interest in diversified management companies (mutual funds), and asset backed (including mortgage related) and pass-through securities. Generally, investments in repurchase agreements cannot exceed a term of one year and the security underlying the agreement shall be valued at 102% or greater of the funds borrowed against the security and the value of the repurchase agreement shall be adjusted no less than quarterly. In addition, reverse repurchase agreement generally may not exceed 20% of the base value of the portfolio and the term of the agreement may not exceed 92 days. Securities lending transactions are considered reverse repurchase agreements for purposes of this limitation. Base Value is defined as the total cash balance excluding any amounts borrowed (*i.e.*, amounts obtained through selling securities by way of reverse repurchase agreements or other similar borrowing methods).

Legislation which would modify the currently authorized investments and place restrictions on the ability of municipalities to invest in various securities is considered from time to time by the California State Legislature. Therefore, there can be no assurances that the current investments in the Treasury Pool will not vary significantly from the investments described herein.

The Treasury Pool halted all investments in asset-backed commercial paper in early July 2007 and has no plans to resume investment in this type of security until the current financial markets volatility and credit conditions have passed. Further, the Treasury Pool is not invested in any structured investment vehicles and has never invested in collateralized debt obligations.

The Investment Policy

The Pool's Investment Policy (the "Investment Policy"), as approved by the County Board of Supervisors, currently states that the objectives of the Treasurer when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds are as follows: the primary objective is to safeguard the principal of the funds under the Treasurer's control, the secondary objective is to meet the liquidity needs of the Pool Participants, and the third objective is to achieve an investment return on the funds under the control of the Treasurer within the parameters of prudent risk management. The Investment Policy contains a goal that 50% of the Pool should be invested in securities maturing one year or less. Furthermore, at least 25% of the Pool must mature within 90 days. The maximum effective duration shall be 1.50 years. With respect to reverse repurchase agreements, the Investment Policy provides for a maximum maturity of 92 days (unless the reverse repurchase agreement includes a written guarantee of a minimum earning or spread for the entire period of such agreement) and a limitation on the total amount of reverse repurchase agreements to 20% of the total investments in the Pool. The Investment Policy states that the purpose of reverse repurchase agreements is to invest the proceeds form the agreement into permissible securities that have the highest short-term credit rating, to supplement the yield on securities owned by the Pool or to provide funds for the immediate payment of an obligation, and that the maturity of the reverse repurchase agreement and the maturity of the security purchased be the same.

The Investment Policy also authorizes investments in covered call options or put options, which are options on the part of a third party to buy from the Pool a specified security within a finite time at a specified price. Under the Investment Policy, securities subject to covered calls are not to be used for reverse repurchase agreements, cash sufficient to pay for outstanding puts are to be invested in securities maturing on or before the expiration date of the option, the maximum maturity of a covered call option/put option is to be 90 days and not more than 10% of the total investments in the Pool could have options (in contrast to "derivatives") written against them at any one-time.

Certain Information Relating to Pool

Table 19 below sets forth information with respect to the Pool as of the close of business May 31, 2009. As described above, a wide range of investments is authorized by state law. Therefore, there can be no assurances that the investments in the Pool will not vary significantly from the investments described herein. In addition, the value of the various investments in the Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the Pool will not vary significantly from the values described herein. In addition, the values specified in the following tables were based upon estimates of market values provided to the County by the Pool's Custodian, Bank of New York. Accordingly, there can be no assurance that if these securities had been sold on May 31, 2009, the Pool necessarily would have received the values specified. The County has no Pool investments in any corporation that has filed for bankruptcy.

Pool Benchmark

The Pool is managed as two portfolios; one positioned to meet liquidity needs and the other positioned to achieve incremental yield. All reporting with respect to the Pool is on combined portfolio basis to facilitate financial transparency from the perspective of Pool participants. The change was instituted after the development of the "Benchmark Portfolio", which is comprised of 60% U.S. Treasury securities, 30% U.S. Government Agency securities and 10% corporate securities. It has a duration of approximately 1.6 years and reflects an appropriate risk/return profile for the portion of the Pool that is not anticipated to be needed for liquidity purposes. While the Benchmark Portfolio is available for liquidity needs, it is positioned to achieve long-term incremental yield. The combined portfolios comply with all California State Code and the Pool's Investment Policy.

As a result of the financial markets volatility and credit conditions, the County Pool has limited purchases of corporate securities to maturities less than 60 days, in order to limit further exposure to credit risk. In a few instances, the Pool has purchased maturities beyond 60 days for the sole purpose of duration management in the Benchmark Portfolio. The Benchmark Portfolio consists of no more than 25% of the aggregated Pool assets at any given time. Within the Benchmark Portfolio, the allocation to corporate securities ranged from approximately 2.5% to 10% of the total Pool assets.

TABLE 19

TREASURER-TAX COLLECTOR
SAN DIEGO COUNTY PORTFOLIO STATISTICS
(As of May 31, 2009)

	Percent of Portfolio	Book Value	Market Price	Accrued Interest	Market Value	Net Unrealized Gain/(Loss)	Yield to Maturity	Weighted Average Days to Maturity
U S Treasury Notes	5.87%	$ 336,504,660	104.28%	$ 2,581,175	$ 349,330,517	$ 12,825,857	3.27%	869
FNMA Discount Notes	6.72	398,871,222	99.97	0	399,862,500	991,278	1.40	68
Federal Farm Credit Bank Notes	4.18	244,909,476	101.54	1,063,153	248,780,000	3,870,524	3.08	812
Federal Home Loan Bank Discount Notes	11.93	710,021,642	99.99	0	710,148,385	126,743	0.33	34
Federal Home Loan Bank Notes	11.94	702,125,108	101.66	8,011,198	710,624,572	8,499,464	2.29	368
Federal Home Loan Mortg. Corp. Disc Notes	12.63	750,921,043	99.98	0	751,759,586	838,543	0.90	50
Federal Home Loan Mortg. Corp. Notes	10.15	598,223,994	101.60	5,419,641	604,055,521	5,831,527	2.81	707
Fannie Mae	11.67	690,578,401	101.05	6,270,607	694,875,718	4,297,317	2.49	519
Corporate Medium Term Notes	1.32	78,518,157	101.29	1,292,187	78,501,000	(17,157)	4.06	571
Bond Fund	0.59	35,000,000	99.70	39,495	34,894,895	(105,105)	1.04	1
Money Market Funds	3.68	219,210,000	100.00	37,824	219,210,000	0	0.19	1
Repurchase Agreements	4.21	250,786,879	100.00	5,632	250,786,879	0	0.27	1
Negotiable Certificates of Deposit	6.72	400,000,000	100.00	73,903	399,990,000	(10,000)	0.26	18
Commercial Paper	6.87	408,945,588	99.99	0	408,957,200	11,612	0.26	15
Collateralized/FDIC Certificates of Deposit	1.52	90,605,500	100.00	26,699	90,605,500	0	1.43	108
Totals for May 2009	100.00%	$5,915,221,670	100.80%	$ 24,821,514	$ 5,952,382,273	$ 37,160,603	1.54%	285
Totals for April 2009	100.00%	$6,234,586,113	100.80%	$ 24,233,755	$ 6,275,359,993	$ 40,773,880	1.56%	260
Change From Prior Month		($ 319,364,443)		$ 587,759	($ 322,977,720)	($ 3,613,277)	(0.02%)	25
Portfolio Effective Duration		0.600 years						

	May Return	Annualized	Fiscal Year to Date Return	Annualized	Calendar Year to Date Return	Annualized
Book Value	0.129%	1.521%	2.324%	2.532%	0.764%	1.848%
Market Value	0.117%	1.375%	2.033%	2.215%	0.674%	1.630%

Source: The County.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Article XIII A

On June 6, 1978, California voters approved Proposition 13, adding Article XIII A to the California Constitution. Article XIII A, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any ad valorem tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition.

Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the $1 per $100 of taxable value. Tax rates for voter approved bonded indebtedness are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation the following year. The County is unable to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other ad valorem property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Article XIII B

On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution. In May 1990, the voters through their approval of Proposition 111 amended Article XIII B. Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The "base year" for establishing such appropriation limit is the 1978-79 fiscal year. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to a governmental entity, or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the Federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues and (iii) certain State subventions received by local governments. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

As amended in May 1990, the appropriations limit for the County in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the County's option, either (i) the percentage change in California per capita personal income, or (ii) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction. The measurement of change in population is a blended average of statewide overall population growth, and change in attendance at local school and community college ("K-14") districts.

As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received by the County over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

The Board of Supervisors adopted the annual appropriation limit for the Fiscal Year 2008-09 of approximately $3.8 billion. The limitation applies only to proceeds of taxes and therefore does not apply to service fees and charges, investment earnings on non-proceeds of taxes, fines, and revenue from the sale of property and taxes received from the State and federal governments that are tied to special programs. Based on the 2008-09 Adopted Budget, the funds subject to limitation total approximately $1.3 billion (total General Operating Budget minus non-proceeds of taxes and debt service) and are approximately $2.5 billion below the Article XIII B limit.

Proposition 46

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986, general election which (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the County be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local government entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIII A of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

On September 28, 1995, the California Supreme Court, in the case of *Santa Clara County Local Transportation Authority v. Guardino*, upheld the constitutionality of Proposition 62. In this case, the court held that a county-wide sales tax of one-half of one percent was a special tax that, under Section 53722 of the Government Code, required a two-thirds voter approval. Because the tax received an affirmative vote of only 54.1%, this special tax was found to be invalid.

Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* ("La Habra"). In this case, the court held that public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought. The portion of the County's taxes subject to Proposition 62, including the County's transient occupancy tax, is in compliance with Proposition 62 requirements.

Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 added Articles XIII C and XIII D to the California Constitution and contained a number of interrelated provisions affecting the ability of local governments, including the County, to levy and collect both existing and future taxes, assessments, fees and charges. The County is unable to predict whether and to what extent Proposition 218 may be held to be constitutional or how its terms will be interpreted and applied by the courts. Proposition 218 could substantially restrict the County's ability to raise future revenues and could subject certain existing sources of revenue to reduction or repeal, and increase the County's costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court. However, the County does not presently believe that the potential financial impact on the County as a result of the provisions of Proposition 218 will adversely affect the County's ability to pay its debt obligations and perform its other obligations payable from the General Fund as and when due.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote and taxes for specific purposes, even if deposited in the County's General Fund, require a two-thirds vote. Further, any general purpose tax that the County imposed, extended or increased without voter approval after December 31, 1994 may continue to be imposed only if approved by a majority vote in an election held within two years of November 5, 1996. The County has not enacted, imposed, extended or increased any tax without voter approval since January 1, 1995. These voter approval requirements of Proposition 218 reduce the flexibility of the County to raise revenues through General Fund taxes, and no assurance can be given that the County will be able to impose, extend or increase such taxes in the future to meet increased expenditure requirements.

Article XIII C also expressly extends to voters the power to reduce or repeal local taxes, assessments, fees and charges through the initiative process, regardless of the date such taxes, assessments, fees or charges were imposed. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges.

SB 919 provides that the initiative powers extended to voters under Article XIII C likely excludes actions construed as impairment of contracts under the contract clause of the United States Constitution. SB 919 provides that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after November 6, 1998, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that currently are deposited into the County's General Fund. Further, "fees" and "charges" are not defined in Article XIII C or SB 919, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIII C as they do in Article XIII D. Accordingly, the scope of the initiative power under Article XIII C could include all sources of General Fund monies not received from or imposed by the federal or State government or derived from investment income.

The initiative power granted under Article XIII C of Proposition 218, by its terms, applies to all local taxes, assessments, fees and charges. The County is unable to predict whether the courts will ultimately interpret the initiative provision to be limited to property related local taxes, assessments, fees and charges. No assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges which are deposited into the County's General Fund. The County believes that in the event that the initiative power was exercised so that all local taxes, assessments, fees and charges which may be subject to the provisions of Proposition 218 are reduced or substantially reduced, the financial condition of the County, including its General Fund, would be materially adversely affected. As a result, there can be no assurances that the County would be able to pay the Notes as and when due or any of its other obligations payable from the General Fund.

Article XIII D of Proposition 218 adds several new requirements to make it more difficult for local agencies to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined in Proposition 218 and SB 919 as any levy or charge upon real property for a special benefit conferred upon the real property. This includes maintenance assessments imposed in County service areas and in special districts. In most instances, in the event that the County is unable to collect assessment revenues relating to specific programs as a consequence of Proposition 218, the County will curtail such services rather than use amounts in the General Fund to finance such programs. Accordingly, the County anticipates that any impact Proposition 218 may have on existing or future taxes, fees, and assessments will not adversely affect the ability of the County to pay the Notes as and when due.

However, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the assessments that presently finance them are reduced or repealed.

Article XIII D also adds several provisions, including notice requirements and restrictions on use, affecting "fees" and "charges" which are defined as "any levy other than an ad valorem tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." The annual amount of revenues that are received by the County and deposited into its General Fund which may be considered to be property related fees and charges under Article XIII D of Proposition 218 is not substantial. Accordingly, presently the County does not anticipate that any impact Proposition 218 may have on future fees and charges will not adversely affect the ability of the County to pay the principal of and interest on the Notes as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

The County has a clean water enterprise fund which is self-supporting from fees and charges that may ultimately be determined to be property related for purposes of Article XIII D of Proposition 218. Further, the fees and charges of the County's enterprise funds, including those which are not property related for purposes of Article XIII D of Proposition 218, may be determined to be fees and charges subject to the initiative power as provided in Article XIII C of Proposition 218, as described above. In the event that fees and charges cannot be appropriately increased or are reduced pursuant to the exercise of the initiative power, the County may have to choose whether to reduce or eliminate the service financed by such fees or charges or finance such service from its General Fund. Further, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

Additional implementing legislation respecting Proposition 218 may be introduced in the State legislature from time to time that would supplement and add provisions to California statutory law. No assurance may be given as to the terms of such legislation or its potential impact on the County.

Proposition 1A

Proposition 1A (SCA 4) ("Proposition 1A"), proposed by the Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the VLF rate currently in effect, 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D and Propositions 62 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting revenues of the County or the County's ability to expend revenues. The nature and impact of these measures cannot be predicted by the County.

STATE OF CALIFORNIA BUDGET INFORMATION AND FEDERAL STIMULUS INFORMATION

State of California Budget Information

The following information concerning the State's budgets has been obtained from publicly available information which the County believes to be reliable; however, the County takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information. Information about the State Budget is regularly available at various State-maintained websites. Text of the budget may be found at the Department of Finance website, www.dof ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the LAO at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriters, and the County and the Underwriters take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

State Budget for Fiscal Year 2008-09

<u>2008-09 Budget Act</u>. On September 23, 2008, the Governor signed into law the Fiscal Year 2008-09 Budget Act (the "2008-09 Budget Act"). Due to significant negotiation and revision prior to its ultimate adoption, the 2008-09 Budget Act was adopted subsequent to the statutory deadline of June 30.

The Budget Act of 2007 (the "Budget Act of 2007") projected a State General Fund balance at the end of Fiscal Year 2007-08 of $3.3 billion and a total reserve of $4.1 billion. The 2008-09 Budget Act projected ending Fiscal Year 2007–08 with a State General Fund balance of $4.0 billion, of which $885 million was reserved for the liquidation of encumbrances and $3.1 billion was deposited in a reserve for economic uncertainties.

The 2008-09 Budget Act reported that the State General Fund began Fiscal Year 2008-09 with a balance of $4.0 billion. The 2008-09 Budget Act projected State General Fund revenues and transfers for Fiscal Year 2008-09 of $102.0 billion, a decrease of approximately 1.0 percent from the anticipated revenues and transfers for Fiscal Year 2007-2008, and State General Fund expenditures of $103.4 billion, an increase of approximately 0.06 percent above the anticipated expenditures for Fiscal Year 2007-08. The 2008-09 Budget Act projected ending Fiscal Year 2008-09 with a State General Fund balance of $2.6 billion, of which $885 million would be reserved for the liquidation of encumbrances and $1.7 billion would be deposited in a reserve for economic uncertainties.

The Governor's economic forecasts for Fiscal Year 2008-09 reflected weaker economic performance throughout the country and the State. The 2008-09 Budget Act addressed a projected $24.3 billion budget shortfall which was identified in the Governor's May Revision to the Proposed 2008-09 Budget with a combination of cuts in expenditures and projections of increased revenues. The 2008-09

Budget Act included vetoes on behalf of the Governor in the amount of $510 million of spending approved by the State Legislature. The 2008-09 Budget Act included a proposal to increase the BSA from 5 percent of State General Fund expenditures to 12.5 percent. In addition, the 2008-09 Budget Act proposed an annual transfer to the BSA of 3 percent of the General Fund and the elimination of the ability to suspend such annual transfers. The State would only be permitted to transfer funds from the BSA if (1) actual revenues during such fiscal year are below a specified level and (2) funds transferred from the BSA to the State General Fund are appropriated in a stand-alone bill.

Features of the 2008-09 Budget Act affecting counties in general included the following:

1. The 2008-09 Budget Act proposed to fully fund the Proposition 1A loan repayment for Fiscal Year 2008-09 in the amount of $83 million and the Proposition 42 transfer in the amount of $1.4 billion, which allocation included $573 million to the State Transportation Improvement Program and $286 million to the Public Transportation Account.

2. The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 ("Proposition 1B") authorized $19.925 billion over the next nine years to fund existing and new statewide transportation-related infrastructure programs and projects. Such amount included appropriations in Fiscal Year 2008-09 of $350 million for local transit, $250 million for local streets and roads, $201 million for the State & Local Partnership Program and $21 million for local seismic funding. In addition, AB 1252, enacted in June 2008, provided $149 million from Proposition 1B to accelerate funding for local streets and roads projects.

3. Chapter 72 of the Statutes of 2005 requires the payment of mandated costs incurred prior to Fiscal Year 2004-05 to begin in Fiscal Year 2006-07 and paid over a term of fifteen years. The 2008-09 Budget Act included the elimination of $75 million in estimated reimbursement claims. The 2008-09 Budget Act delayed the third payment of these claims by one year. The 2008-09 Budget Act projected that the mandated costs incurred prior to 2004-05 is $956 million.

4. The 2008-09 Budget Act included a veto from the Governor reducing proposed Department of Social Services funding for the CalWORKs program in the amount of $70 million. Prior to this veto, such funding would have been available to counties as part of their single allocation and available for county administration, employment services, and child care.

5. The 2008-09 Budget Act permanently suspended provision of the June 2008 and June 2009 State Supplementary Payment program COLA. The 2008-09 Budget Act provided the State Director of Finance with mid-year authority to freeze the COLA, rate increases or increases in state participation in local costs for up to 120 days and require the Governor to submit urgency legislation to permanently suspend the COLA and other rate increases; provided, however, if the Governor fails to act within 120 days, or the State Legislature fails to adopt the suspension, the COLA and other rate increases are reinstated.

6. The 2008-09 Budget Act reflected savings to the State of $107.2 million, of which $53.4 million is attributed to the General Fund, in funding for counties to determine eligibility for Medi-Cal services.

7. The 2008-09 Budget Act included $1.49 billion in MHSA funds for Proposition 63, of which $100 million is committed by counties to the MHSA Housing Program. This funding was in addition to $300 million identified by counties in Fiscal Year 2007-08. This program makes funding available through the California Housing Finance Agency to develop permanent supportive housing serving persons with serious mental illness who are homeless or at risk of homelessness.

8. The 2008-09 Budget Act included a veto from the Governor, which reduced proposed funding for the Department of Social Services for County Administration and Automation Projects to $1,192,736,000 from $1,194,774,000. By eliminating funding for the Work Incentive Nutritional Supplement program in the amount of by $2,038,000, the Governor delayed implementation of this program for one year in order to allow the Department of Social Services to study this program and ensure it is consistent with federal rules.

9. The 2008-09 Budget Act included a veto from the Governor reducing proposed Department of Corrections funding for Adult Corrections and Rehabilitation Operations by approximately $28 million to approximately $4.9 billion.

Legislative Analyst's Office Analysis of the 2008–09 Budget Act; Projections Through 2013-14. In November 2008, the LAO released a report entitled "California Spending Plan 2008-09; The Budget Act and Related Legislation" (the "LAO Spending Plan Report"), which provides an analysis by the LAO of the 2008-09 State Budget. The LAO Spending Plan Report and other reports of the LAO are available on the LAO website at www.lao.ca.gov. Information on the website is not incorporated herein by reference.

The LAO stated that the State's budgetary proposals were limited in nature and the State will continue to face multibillion dollar operating shortfalls in the coming years absent corrective action. Further, the LAO stated that the effects of economic slowdown which has occurred throughout the United States threaten the viability of the 2008-09 Budget Act.

The LAO recommended the State Legislature take action to generate savings in Fiscal Year 2008-09 that could carry-over into Fiscal Year 2009-10. Such action could allow local governments and public entities more time to plan and mitigate adverse effects of reductions or program changes. Further, the LAO recommended that the Legislature consider carefully the duration of the Governor's proposed tax increases and that any such increase should be in effect for at least a three-year period. The LAO recommends, among other things, increasing vehicle license fees by one percent and making such increase the foundation of a program realignment with local governments. On November 20, 2008 the LAO released a report entitled "California's Fiscal Outlook: LAO Projections, 2008-09 Through 2013-14" (the "LAO Projections"). The LAO Projections provided a further analysis of the projections of the State's General Fund revenue and expenditures through Fiscal Year 2013-14. The LAO recommended that the Legislature take early action, decrease spending and increase revenue, create solutions that have ongoing impacts, restructure State programs to increase efficiency and curb additional State borrowing in order to balance the budget for the current Fiscal Year and Fiscal Year 2009-10.

State Budget for Fiscal Year 2009-10

2009-10 State Budget. On February 20, 2009, the Governor signed the 2009 Budget Act. The 2009-10 State Budget estimates Fiscal Year 2008-09 revenues and transfers of $89.37 billion, total expenditures of $94.09 billion and a year-end deficit of $2.34 billion, which includes a $2.37 billion prior-year State General Fund balance, a $3.42 billion withdrawal from the reserve for economic uncertainties and an allocation of $1.08 billion to the reserve for the liquidation of encumbrances. The 2009-10 State Budget projects Fiscal Year 2009-10 revenues and transfers of $97.73 billion, total expenditures of $92.21 billion and a year-end surplus of $3.18 billion (net of the $2.34 billion deficit from Fiscal Year 2008-09), of which $1.08 billion will be reserved for the liquidation of encumbrances and $2.10 billion will be deposited in a reserve for economic uncertainties.

Features of the 2009-10 State Budget affecting counties in general include the following:

1. The 2009-10 State Budget increases the VLF from 0.65% to 1.15%. Revenues generated from 0.15% of such increase will be dedicated to local government public safety grant programs to reduce General Fund spending. Pursuant to the 2009-10 State Budget, the increased tax rate is scheduled to terminate on July 11, 2011, but it will terminate on July 1, 2013 if Proposition 1A is adopted at the Special Election.

2. The 2009-10 State Budget continues the projected allocation of $66.2 million contained in the 2008-09 State Budget Act for the Youthful Offender Block Grant program, pursuant to which counties receive State funds to provide local supervision and services for juvenile offenders. The 2009-10 State Budget increases funding for the Youthful Offender Block Grant program to $92 million in Fiscal Year 2009-10.

3. The 2009-10 State Budget eliminates the 2009-10 County Medi-Cal Cost of Doing Business Adjustment for county eligibility operations, which will reduce appropriations to the counties in the amount of $49.4 million. The 2009-10 State Budget also includes the elimination of certain optional Medi-Cal benefits in the amount of $183.6 million.

4. The 2009-10 State Budget includes the suspension of the statutory June 2010 Supplemental Security Income – State Supplementary Payment ("SSI/SSP") in the amount of $27 million, withholds the federal January 2009 SSI COLA of $79.8 million in the General Fund in the current year and withholds $487.3 million in General Fund in Fiscal Year 2009-10. An additional budgeted reduction of $267.8 million to SSI/SSP.

5. The 2009-10 State Budget suspends the 2.94% COLA scheduled for July 2009 in connection with CalWORKs and eliminates the CalWORKs pay-for-performance program, which provides counties with funding incentives to increase employment rates. The 2009-10 State Budget also eliminates an appropriation to the CalWORKs program in the amount of $146.9 million.

6. The 2009-10 Budget Act defers until October 2009 payments to counties originally scheduled for July 2009 and August 2009 for certain social services. Such deferment is expected to total approximately $714 million for social services and $92 million for mental health cash advances.

According to the Legislative Analyst's Office (the "LAO"), the 2009-10 Budget Act relies in particular upon the passage of three measures appearing on the ballot at a special election held on May 19, 2009 (the "Special Election"), which accounted for an aggregate $5.8 billion in additional revenues to the State. None of the measures received the requisite voter approval. See "THE NOTES – State of California Finances – May Revision to the 2009-10 State Budget" below.

<u>LAO Analysis of the 2009-10 Budget Act</u>. On March 13, 2009, the LAO issued a report entitled "The Fiscal Outlook Under the February Budget Package" (the "LAO Fiscal Outlook"), which provides analysis by the LAO of the 2009-10 Budget Act. The LAO Fiscal Outlook is available on the LAO website at www.lao.ca.gov. Information on the website is not incorporated herein by reference.

According to the LAO Fiscal Outlook, the State's economic and revenue outlook has deteriorated since the adoption of the 2009-10 State Budget. The LAO states that the State Legislature and the Governor should consider additional savings proposals, pursue broad-based programmatic changes and maximize the use of any federal funds received to help balance the State budget in the current and future fiscal years. Also, the LAO notes that the 2009-10 State Budget relies upon the passage of certain ballot measures at the Special Election and the failure of such measures would require the development of additional budgetary solutions. According to the LAO, given the short-term nature of some of the budgetary strategies set forth in the 2009-10 State Budget, the State's deficit will reappear in future years and grow from $12.6 billion in Fiscal Year 2010-11 to $26 billion in Fiscal Year 2013-14 absent corrective actions. Further, the LAO cautions that the State could experience recurring cash flow pressures in the coming months and years, which could be aggravated if credit markets remain strained and the State's access to borrowing for cash flow purposes were restricted.

May Revision to the 2009-10 State Budget. On May 14, 2009, the Governor released the May Revision to the 2009-10 State Budget (together with the contingency proposals referenced therein, the "May Revision"). The May Revision projects a budget gap of $21.3 billion through the remainder of Fiscal Year 2008-09 and Fiscal Year 2009-10 due to continued shortfalls in revenue collections and increased costs and the failure of six budget-related propositions included in the Special Election, which the May Revision proposes to address through program reductions and additional borrowings. The May Revision estimates Fiscal Year 2008-09 revenues and transfers of $85.95 billion, total expenditures of $94.89 billion and a year-end deficit of $3.63 billion, which includes a $2.31 billion prior-year State General Fund balance, a $4.71 billion withdrawal from the reserve for economic uncertainties and an allocation of $1.08 billion to the reserve for the liquidation of encumbrances. The May Revision projects Fiscal Year 2009-10 revenues and transfers of $92.22 billion, total expenditures of $85.46 billion and a year-end surplus of $3.13 billion (net of the $2.63 billion deficit from Fiscal Year 2008-09), of which $1.08 billion will be reserved for the liquidation of encumbrances and $2.05 billion will be deposited in a reserve for economic uncertainties. The May Revision indicates that the State's economic outlook includes negative growth for the current calendar year, followed by weak growth in calendar year 2010 and increased growth in calendar year 2011.

Features of the May Revision affecting counties in general include the following:

1. The May Revision proposes to reduce program expenditures by approximately $2.64 billion in Fiscal Year 2008-09 and $6.36 billion in Fiscal Year 2009-10, primarily through reductions in education funding and health and social services programs, including in-home support services, CalWORKS, immigrant assistance programs, child welfare services and SSI/SSP.

2. The May Revision proposes that the State borrow approximately 8.0% of property tax revenues from counties, cities and special districts for Fiscal Year 2009-10, totaling approximately $2 billion, which amount will be repaid within three years, all in accordance with Proposition 1A (2004) approved by voters in 2004. The manner in which the borrowing will be allocated (*i.e.*, the amount to be borrowed from particular local agencies), and whether the property taxes paid to Local Agencies by the State in-lieu of Vehicle License Fees and in-lieu Sales Tax, remains subject to determination. The May Revision proposes to create a joint powers entity to allow local agencies to borrow against the State repayment as a group.

3. The May Revision proposes $750 million in reductions to the federal Medi-Cal program, subject to receipt of a federal waiver.

4. The May Revision proposes to redirect $60 million in cigarette and tobacco products surtax revenues from county health programs.

5. The May Revision proposes to change sentencing options for low-level offenders such that an offense that can be charged as a misdemeanor or felony will be punishable only by a term in county jail. The May Revision estimates that the State will save approximately $100 million from such shift. The potential impact of this proposal on counties is currently unknown as the details of the proposal have not yet been disclosed.

LAO May Overview of the May Revision. On May 21, 2009, the LAO released an analysis of the May Revision entitled Overview of the 2009-10 May Revision (the "LAO May Overview"). The LAO May Overview states that the economic and revenue forecasts and assessments of the State's budgetary problems set forth in the May Revision are generally reasonable in light of the effects of the economic slowdown throughout the United States, but indicates that General Fund expenditures across Fiscal Year 2008-09 and Fiscal Year 2009-10 could exceed revenues by approximately $3 billion more than the amount estimated in the May Revision.

The LAO May Overview states that the May Revision relies on a number of proposals that could result in a General Fund reserve at the end of Fiscal Year 2009-10 of $2.1 billion, but that the largest proposals carry the largest risks. The LAO also notes that many of the proposals contained in the May Revision are one-time in nature and recommends that the State Legislature reduce its reliance on one-time measures, which could contribute to long-term negative effects for taxpayers and programs. The LAO May Overview sets forth several budget recommendations for the State Legislature, including eliminating certain duplicative, inefficient, ineffective or over-budgeted education programs, eliminating deferral of expenditures to K-12 education programs, additional borrowing of transportation funds, increasing community college fees, reconsidering the dedication of certain VLF fees to local public safety programs, implementing additional user fees for government services, modifying the proposed property tax revenues borrowing to target specific agencies and reconsidering the use of revenue anticipation warrants for budget balancing and reserve building purposes, which, according to the LAO, sets a bad precedent and presents serious legal concerns.

The LAO May Overview states that the State Legislature will face a significant challenge to address the projected budget deficit in Fiscal Year 2008-09 and projected revenue shortfalls in Fiscal Year 2009-10 and must pay particular attention to closing the State's ongoing structural mismatch between revenues and spending for future years. The LAO May Overview reiterated that the State Legislature should look to the alternatives to balance the State's finances on an ongoing basis while avoiding proposed solutions that do not prioritize program reductions, add additional borrowing or debt and lead to a diminution of the State Legislature's authority.

Governor's Update to the May Revision to the 2009-10 State Budget. On May 26, 2009 and on May 29, 2009, the Governor released updates to the May Revision (collectively, the "May Revision Update"). The May Revision Update projects a budget gap of $3.10 billion through the remainder of Fiscal Year 2008-09 due to shortfalls in revenue collections and increased costs and the failure of five of the six budget-related propositions included in the Special Election. The May Revision Update estimates Fiscal Year 2008-09 revenues and transfers of $85.95 billion, total expenditures of $91.35 billion and a year-end deficit of $3.10 billion, which includes a $2.31 billion prior-year State General Fund balance and an allocation of $1.08 billion to the reserve for the liquidation of encumbrances. The May Revision Update projects Fiscal Year 2009-10 revenues and transfers of $92.22 billion, total expenditures of $83.52 billion and a year-end surplus of $5.60 billion (net of the $3.10 billion deficit from Fiscal Year 2008-09), of which $1.08 billion will be reserved for the liquidation of encumbrances and $4.52 billion will be deposited in a reserve for economic uncertainties. The May Revision and the May Revision Update, collectively, include proposals to reduce General Fund spending in the amount of $3.12 billion during the remainder of Fiscal Year 2008-09 and $20.85 billion during Fiscal Year 2009-10 in order to eliminate the State's projected $21.3 billion through such period. The proposals contained in the May Revision Update replace the Governor's May Revision proposal to issue revenue anticipation warrants in the amount of $5.6 billion to address a portion of the State's General Fund deficit.

Features of the May Revision Update affecting counties in general include the following:

1. The May Revision Update proposes to eliminate CalWORKs, which is expected to reduce General Fund spending by approximately $1.3 billion. In the event the State eliminates CalWORKs, federal matching funds for the program will be eliminated.

2. The May Revision Update proposes to eliminate General Fund expenditures for county programs relating to the Healthy Families Programs, Maternal, Child, and Adolescent Health, Mental Health Managed Care Services and the Early and Periodic Screening, Diagnosis, and Treatment Services program. The proposals are expected to reduce General Fund expenditures by $424.2 million.

3. The May Revision Update proposes to reduce the local share of the gasoline tax from $1.05 billion to $300 million. Pursuant to this proposal, the State will apply the $750 million to pay current and prior year debt service on highway bonds.

Current and Future State Budgets

The County receives a significant portion of its funding from the State. Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the County and other counties in the State.

The County cannot predict the extent of the budgetary problems the State will encounter in this or in any future Fiscal Years, and, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the County cannot predict the final outcome of current and future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the County has no control. See "County Financial Information – County's 2009-10 Proposed Budget and the Operational Plan" herein.

Federal Stimulus Information

The County has been awarded approximately $189 million pursuant to the American Reinvestment and Recovery Act ("ARRA"), which amount includes $138 million of confirmed awards and $51 million in pending distributions based on formula-based funding, wherein local governments receive funding automatically through a federally developed formula using certain statistical data. In addition, the County anticipates receiving $34 million of discretionary funds and applying for an additional $110 million through the discretionary process under ARRA, pursuant to which local governments receive moneys from federal agencies through a competitive application process. The amounts actually received by the County may be more or less than the amounts currently anticipated. See "County Financial Information – County's 2009-10 Proposed Budget and the Operational Plan" herein.

ECONOMIC AND DEMOGRAPHIC INFORMATION

General

San Diego County is the southernmost major metropolitan area in the State of California. San Diego County covers 4,255 square miles, extending 70 miles along the Pacific Coast from the Mexican border to Orange County, and inland 75 miles to Imperial County. Riverside and Orange counties form the northern boundary. San Diego County is approximately the size of the State of Connecticut.

Topography of San Diego County varies from broad coastal plains and fertile inland valleys to mountain ranges in the east which rise to an elevation of 6,500 feet. Eastern slopes of these mountains form the rim of the Anza-Borrego Desert and the Imperial Valley. The Cleveland National Forest occupies much of the interior portion of San Diego County. The climate is equable in the coastal and valley regions where most of the population and resources are located. The average annual rainfall in the coastal areas is approximately 10 inches.

San Diego County possesses a diverse economic base consisting of a significant manufacturing presence in the fields of electronics and shipbuilding, a large tourist industry attracted by the favorable climate of the region, and a considerable defense-related presence.

PETCO Park, located in the City of San Diego, provides a 42,000 fixed seat baseball stadium for the San Diego Padres. PETCO Park is located in a 26-block neighborhood that contains existing and proposed hotels, office space, retail and housing units within walking distance from the San Diego Convention Center and the Gaslamp Quarter. The baseball stadium is also within walking distance of a Trolley station and nearby parking facilities.

The San Diego Convention Center has been expanded to 2.6 million total gross square feet. The Convention Center generated approximately $1.8 billion in calendar year 2008 in total economic impact (direct and indirect spending).

San Diego County is also growing as a major center for culture and education. Over 30 recognized art organizations, including the San Diego Opera, the Old Globe Theatre productions, the La Jolla Chamber Orchestra, as well as museums and art galleries, are located in San Diego County. Higher education is provided through five two-year colleges and six four-year colleges and universities.

In addition to the City of San Diego, other principal cities in San Diego County include Carlsbad, Chula Vista, Oceanside, El Cajon, Escondido, La Mesa and National City. Most County residents live within 20 miles of the coast. Farther inland are agricultural areas, principally planted in avocados and tomatoes, while the easternmost portion of San Diego County has a dry, desert-like topography.

The County is the delivery system for federal, state and local programs. The County provides a wide range of services to its residents including: (1) regional services such as courts, probation, medical examiner, jails, elections and public health; (2) health, welfare and human services such as mental health, senior citizen and child welfare services; (3) basic local services such as planning, parks, libraries and Sheriff's patrol to the unincorporated area, and law enforcement and libraries by contract to incorporated cities; and (4) infrastructure such as roads, waste disposal and flood control to the unincorporated area of the County. For information on County governance, see "THE COUNTY – GENERAL" herein.

Population

There are 18 incorporated cities in San Diego County, and several unincorporated communities. Table 20 below sets forth the population in San Diego County, the State and the United States for the years 2000 to 2009.

TABLE 20

POPULATION ESTIMATES[1]
(In Thousands)

Year	San Diego County	Percent Change	State of California	Percent Change	United States[2]	Percent Change
2000	2,814	1.82%	33,873	1.75%	282,172	3.48%
2001	2,865	2.28	34,431	1.65	285,040	1.02
2002	2,921	1.96	35,064	1.84	287,727	0.94
2003	2,971	1.72	35,653	1.68	290,211	0.86
2004	3,007	1.22	36,199	1.53	292,892	0.92
2005	3,034	0.90	36,677	1.32	295,561	0.91
2006	3,058	0.79	37,086	1.12	298,363	0.95
2007	3,089	1.00	37,472	1.04	301,290	0.98
2008	3,132	1.38	37,883	1.10	304,060	0.92
2009	3,173	1.01	38,293	1.01	N/A	

Sources: State of California Department of Finance; U.S. Bureau of the Census.
(1) As of January 1 of the year shown, except as noted. Reflects revised estimates as of May, 2009.
(2) As of July 1 of the year shown.

Employment

Table 21 below sets forth information regarding the size of the civilian labor force, employment and unemployment rates for San Diego County, the State and the United States for the years 2004 through 2008.

TABLE 21

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
ANNUAL AVERAGES 2004-2008[(1)]
By Place of Residence
(In Thousands)

	2004	2005	2006	2007	2008
San Diego County					
Labor Force	1,484.2	1,479.9	1,511.2	1,531.2	1,566.2
Employment	1,413.9	1,433.0	1,451.2	1,461.5	1,472.4
Unemployment Rate	4.7%	4.3%	4.0%	4.6%	6.0%
State of California					
Labor Force	17,444.4	17,629.2	17,821.1	18,078.0	18,391.8
Employment	16,354.8	16,671.9	16,948.4	17,108.7	17,059.6
Unemployment Rate	6.2%	5.4%	4.9%	5.4%	7.2%
United States					
Labor Force	147,401.0	149,320.0	151,428.0	153,124.0	154,287.0
Employment	139,252.0	141,730.0	144,427.0	146,047.0	145,362.0
Unemployment Rate	5.5%	5.1%	4.6%	4.6%	5.8%

Sources: County and State Data – California Employment Development Department; National Data – U.S. Department of Labor, Bureau of Labor Statistics.

(1) Labor force data reflects the March 2008 benchmark.

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Table 22 below sets forth the annual average employment within San Diego County by employment sector, other than farm industries, for 2004 through 2008. In 2008, the service sector (consisting of professional and business services, educational and health services, leisure and hospitality and other services) constituted the largest non-farm employment sector in San Diego County, representing approximately 43% of all non-farm employment.

TABLE 22

SAN DIEGO COUNTY
NON-AGRICULTURAL LABOR FORCE AND INDUSTRY EMPLOYMENT
ANNUAL AVERAGES(1)
2004-2008
(In Thousands)

Employment Sector	2004	2005	2006	2007	2008
Natural Resources and Mining	0.4	0.4	0.5	0.4	0.3
Construction	87.7	90.8	92.7	87.0	76.2
Manufacturing	104.3	104.5	103.9	102.5	102.3
Trade, Transportation and Utilities	215.3	219.4	222.0	222.3	215.9
Information	36.6	37.4	37.3	37.6	38.7
Financial Activities	81.9	83.2	83.7	80.3	75.8
Professional and Business Services	204.5	210.4	213.6	216.8	217.0
Educational and Health Services	121.7	122.5	125.1	129.5	135.5
Leisure and Hospitality	145.7	149.6	156.5	161.8	163.6
Other Services	47.9	48.8	48.4	48.3	48.8
Government	214.3	215.1	217.9	222.4	225.2
Total	1,260.3	1,282.1	1,301.6	1,308.8	1,299.2

Source: California Employment Development Department.
(1) Total may not equal the sum of the line items due to rounding. Reflects March 2008 benchmark.

Largest Employers

Table 23 below sets forth the ten largest employers in the County as of April 1, 2008.

TABLE 23

SAN DIEGO COUNTY
Ten Largest Employers
(As of April 1, 2008)

Employer	Description	Employees
State of California	Administration of state functions, services and agencies	41,400
Federal Government	Administration of federal functions, services and agencies	40,800[(1)]
University of California San Diego	Higher education, research and health care	30,078
County of San Diego	Municipal and regional government services	16,303
San Diego Unified School District	Public education	15,800[(2)]
Sharp HealthCare	Health care, hospitals, medical groups, health services, health plan	14,390
Scripps Health	Hospitals, medical offices and clinics, home health services	11,690
City of San Diego	Municipal government-public agency	11,054
Qualcomm Inc.	Develops, delivers digital wireless communications products and services	9,444
Kaiser Permanente	Health care, hospital, outpatient surgical centers, urgent care clinics	7,608

Source: San Diego Business Journal.
(1) Employment figures are as of January 1, 2008.
(2) Employment figures provided by San Diego Unified School District website.

Regional Economy

Table 24 below sets forth San Diego County's Gross Metropolitan Product, which is an estimate of the value for all goods and services produced in the region, from 2001 through 2010.

TABLE 24

SAN DIEGO COUNTY
GROSS METROPOLITAN PRODUCT
2001-2010

Year	Gross Metropolitan Product (In Billions)	Annual Percent Change Current Dollars San Diego	Annual Percent Change Constant Dollars* San Diego
2001	$112.4	2.9%	1.4%
2002	120.2	6.9	4.3
2003	126.8	5.6	3.5
2004	138.6	9.3	6.5
2005	148.4	7.0	4.2
2006	157.5	6.1	3.3
2007	164.7	4.6	2.0
2008(1)	171.2	4.0	(0.4)
2009(2)	177.2	3.5	(0.3)
2010(2)	185.5	4.6	2.5

Sources: Bureau of Economic Analysis, U.S. Department of Commerce; National University System Institute for Policy Research; reflects data as of February 2009.

* Adjusted using the GMP/GSP/GDP implicit price deflator.

(1) Estimate.

(2) Forecast.

Economic activity and population growth in the local economy are closely related. Helping to sustain San Diego County's economy is the performance of three basic industries of the region, which consist of manufacturing, the military, and tourism. The U.S. Department of Defense contributes about $10 billion annually to the local economy, through wages paid to the uniformed military and civilian personnel, and for equipment and services purchased from local businesses. San Diego's military presence is anticipated to remain relatively stable and may even increase due to the consolidation of military operations and facilities from elsewhere in California, the West, and throughout the United States.

Building Activity

Building permit valuation for both residential and non-residential construction in San Diego County in 2008 decreased over 2007 levels by approximately 27%. Measures limiting new housing remain in effect in areas throughout San Diego County, resulting in a 28% decrease in residential valuations. Non-residential valuations decreased by 25%.

Table 25 below sets forth the annual total building permit valuation and the annual unit total of new residential permits from 2005 through March, 2008:

TABLE 25

COUNTY OF SAN DIEGO
BUILDING PERMIT ACTIVITY
2005-2009[1]
(In Thousands)

	2005	2006	2007	2008	2009[1]
Valuation:					
Residential	$3,562,702	$2,470,685	$1,852,381	$1,339,245	$171,456
Non-Residential	1,381,794	1,621,608	1,416,823	1,061,802	185,536
Total	$4,944,496	$4,092,293	$3,269,204	$2,401,047	$356,992
New Housing Units:					
Single Family	7,904	4,753	3,503	2,352	294
Multiple Family	7,354	6,024	3,942	2,802	403
Total	15,258	10,777	7,445	5,154	697

(1) As of March, 2009.
Source: Construction Industry Research Board.

Commercial Activity

Table 26 below sets forth information regarding taxable sales in San Diego County for the years 2003-2008[1].

TABLE 26

SAN DIEGO COUNTY
TAXABLE SALES
2003-2008[1]
(In Thousands)

Type of Business	2003 Annual	2004 Annual	2005 Annual	2006 Annual	2007[2] Annual	2008 Second Quarter
Apparel Stores	$ 1,466,233	$ 1,644,428	$ 1,798,104	$ 1,909,011	$ 2,034,512	$ 920,937
General Merchandise	4,832,286	5,204,962	5,406,091	5,594,621	5,673,538	2,578,110
Specialty Stores[3]	4,144,293	4,541,225	4,728,028	4,926,656	--	--
Food Stores	1,685,203	1,736,610	1,858,152	1,928,274	1,994,237	996,232
Eating and Drinking Establishments	3,757,136	4,047,726	4,267,302	4,521,392	4,784,500	2,426,860
Home Furnishings/Appliances	1,458,403	1,549,482	1,566,046	1,511,389	1,420,933	626,844
Building Materials	2,757,706	3,341,105	3,376,009	3,331,161	2,768,385	1,248,019
Automotive[4]	8,563,690	9,318,277	9,739,136	9,819,932	6,321,987	2,767,956
Service Stations[4]	--	--	--	--	3,755,121	2,192,867
Other Retail Stores[3]	855,601	961,645	1,045,927	1,076,631	5,285,332	2,448,734
Business and Personal Services	2,040,077	2,146,781	2,239,304	2,302,057	2,298,265	8,920,437
All Other Outlets	9,303,350	9,978,097	10,655,372	10,914,390	11,149,178	5,528,327
TOTAL ALL OUTLETS	$40,863,978	$44,470,338	$46,679,471	$47,835,514	$47,485,988	$22,869,589

Source: California State Board of Equalization, Taxable Sales in California.

(1) Numbers current through the second quarter of 2008.

(2) In early 2007 the California State Board of Equalization began a process of converting business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change process, industry data for 2007 are not comparable with data from prior years.

(3) In 2007, industry data for Specialty Stores were included in Other Retail Stores.

(4) Prior to 2007, industry data for Service Stations were included in Automotive.

Personal Income

Table 27 below sets forth the median household income for San Diego County, the State, and the United States between 2003 and 2007.

TABLE 27
MEDIAN HOUSEHOLD INCOME[(1)]
2003 through 2007

Year	San Diego County	California	United States
2003	$49,886	$50,220	$43,564
2004	51,012	51,185	44,684
2005	56,335	53,629	46,242
2006	59,591	56,645	48,451
2007	61,794	59,948	50,740

Source: U.S. Census Bureau – Economic Characteristics – American Community Survey.
(1) Estimated. In Inflation – Adjusted Dollars.

Foreclosures; Notices of Loan Default

There was an increase in the number of foreclosures and notices of loan default issued in San Diego County in calendar year 2008 relative to calendar year 2007. For the three calendar years from 2004 through 2006, an average 16.2% of notices of loan default resulted in foreclosures. This percentage increased to 37.92% in 2007 and 57.52% in 2008. In 2007 an average of 6.31% of total deeds recorded were foreclosures. This percentage increased to 16.94% in 2008. Through the first four months of 2009, notices of default have increased 10% from their 2008 levels while foreclosures have decreased 18%.

The large number of defaults and foreclosures have been attributed mainly to the prevalence of subprime home mortgage loans, which generally include a higher rate of interest than prime loans to compensate for the perceived increased credit risk of the borrower. The defaults and foreclosures on home mortgages have been offset by a variety of economic factors, including the growth in and diversification of the regional economy (see "Economic and Demographic Information – Regional Economy" herein

Table 28 below sets forth information relating to notices of defaults and foreclosures in San Diego County for failure to pay taxes from Calendar Year 1999 through April 30, 2009.

TABLE 28

NOTICES OF DEFAULTS AND FORECLOSURES
Calendar Years 1999 through 2009

Calendar Year	Notices of Default	Foreclosures
1999	5,962	1,989
2000	5,472	1,380
2001	5,726	826
2002	5,986	909
2003	5,167	566
2004	4,260	553
2005	5,080	559
2006	10,294	2,065
2007	22,194	8,416
2008	33,945	19,526
2009(1)	14,693	4,522

Source: County of San Diego Assessor/Recorder/County Clerk.
(1) As of April 30, 2009

Transportation

Surface, sea and air transportation facilities serve County residents and businesses. Interstate 5 parallels the coast from Mexico to the Los Angeles area and points north. Interstate 15 runs inland, leading to Riverside-San Bernardino, Las Vegas, and Salt Lake City. Interstate 8 runs eastward through the southern United States.

San Diego's International Airport (Lindbergh Field) is located approximately three miles northwest of the downtown area and sits on 614 acres. The facilities are owned and maintained by the San Diego County Regional Airport Authority and are leased to commercial airlines and other tenants. The airport is California's third most active commercial airport, served by 18 passenger carries and six cargo carriers. In addition to San Diego International Airport there are two naval air stations and seven general aviation airports located in San Diego County.

Public transit in the metropolitan area is provided by the Metropolitan Transit Development Board. The San Diego Trolley, developed by the Metropolitan Transit Development Board beginning in 1979, has been expanded. A total of 17.6 miles were added to the original 108 miles; construction was completed in 1990.

San Diego is the terminus of the Santa Fe Railway's main line from Los Angeles. Amtrak passenger service is available at San Diego, with stops at Solana Beach and Oceanside in the North County.

San Diego's harbor is one of the world's largest natural harbors. The Port of San Diego is administered by the San Diego Unified Port District, which includes the cities of San Diego, National City, Chula Vista, Imperial Beach, and Coronado.

Visitor and Convention Activity

The climate, proximity to Mexico, multiple maritime facilities, and various attractions such as the San Diego Zoo and Wild Animal Park, Sea World, Cabrillo National Monument, and Palomar Observatory contribute to a high level of visitor and convention business each year. Contributing to the growth of visitor business has been the development of the 4,600-acre Mission Bay Park at San Diego and the construction of meeting and convention facilities at the San Diego Community Concourse.

San Diego's visitor industry is a major sector of the region's economy. Visitor revenues in San Diego County reached approximately $7.9 billion in 2008, according to an estimate by the San Diego Convention and Visitors Bureau, an increase of approximately $170 million from the prior year. San Diego County hosted 68 conventions and trade shows in 2008, attended by approximately 633,883 delegates.

Education

Forty-two independent school districts provide educational programs for the elementary and secondary public school children in San Diego County. Each school system is governed by a locally elected board of education and administered by a superintendent or other chief administrative officer appointed by the board of education. In San Diego County there are three types of school districts: elementary, union high and unified. Elementary districts educate elementary students, union high districts educate for the most part secondary students, and unified districts educate both elementary and secondary students. There are currently 12 unified, 24 elementary and 6 union high school districts in San Diego County.

Community colleges in California are locally operated and administered two-year institutions of higher education. They offer Associates in Arts and Associates in Science degrees and have extensive vocational curricula. There are five community college districts in San Diego County with students at eleven campuses and numerous adult and community centers.

Among the institutions of higher education offering bachelors and graduate programs in metropolitan San Diego are San Diego State University, the University of California, San Diego, National University, the University of San Diego, Point Loma Nazarene University, California State University – San Marcos, Alliant International University, the University of Phoenix, Thomas Jefferson School of Law and California Western School of Law.

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APPENDIX B

INFORMATION REGARDING THE DISTRICTS

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APPENDIX B

INFORMATION REGARDING THE DISTRICTS

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SCHOOL DISTRICT PARTICIPANT FINANCES

Financial Statements

The Districts' financial statements are prepared on a modified accrual basis of accounting in accordance with generally accepted accounting principles as set forth by the National Council on Governmental Accounting.

Funds and Accounting Groups used by the Districts are categorized as follows:

<u>Government Funds</u>	<u>Fiduciary Funds</u>
General Funds	Trust and Agency Funds
Special Revenue Funds	
Debt Service Funds	
Proprietary Funds	<u>Accounting Groups</u>
Internal Service Funds	General Long-Term Debt Amount
Enterprise Funds	

The General Fund of each District, as shown in Appendices B and C, is a combined fund comprised of moneys which are unrestricted and available to finance the legally authorized activities of the District not otherwise financed by restricted funds and moneys which are restricted to specific types of programs or purposes. General Fund revenues shown therein are derived from such sources as taxes, aid from other government agencies, charges for current services and other revenue.

The summaries of the financial statements included herein were prepared by the Districts using information from the Annual Financial Reports which are prepared by the directors of accounting for the Districts and audited by independent certified public accountants each year. Certain information, such as the General Fund Cash Flow Analyses and projected Fiscal Year 2009-10 budgets, was developed by each District's staff for use in this Official Statement. The projected budgets and estimates and timing of receipts and disbursements in such Cash Flow Analyses are based on certain assumptions and should not be construed as statements of fact. The Districts' audited financial statements for the year ended June 30, 2008 are available from each District upon request to the respective District, and are summarized in this Appendix B.

The summary general fund statements included in this Appendix B for the Districts do not purport to be complete and present only extracts from each respective District financial statements. The complete audited financial statements of each District, including the notes to the audited financial statements may be obtained by contacting each respective District.

Major Revenues

The Districts' principal revenues consist of guaranteed State moneys, ad valorem property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. The majority of the funding that the Districts receive is determined by the State revenue limit formula. This apportionment formula, which is funded by State general fund moneys and local property taxes, is allocated to the school districts based on the average daily attendance ("ADA") of the school districts for either the current or preceding school year. Generally, the State's apportionment will amount to the difference between the school district's revenue limit and its local property tax allocation. State revenue limit is based on an amount of support per pupil and revenue limit calculations are adjusted annually by a legislatively determined cost of living adjustment in accordance with a number of factors, primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type (*i.e.*, all unified school districts, all high school districts or all elementary school districts). The per-pupil amount is multiplied by the respective school district Participant's average daily attendance to determine the total revenue limit. All State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the legislature to school districts, including the Districts. See "School District Participant Finances — Recent State Budgets" herein.

Each District receives a portion of the local property taxes that are collected within its district boundaries. This amount is compared to the total revenue limit; the balance is received in the form of State aid. Therefore, the sum of the property taxes and State aid equal the district's revenue limit. Districts which receive the minimum amount of State aid are known as "Basic Aid" districts. Basic Aid districts are those districts whose local property tax collections are of the magnitude that when compared to the district's total revenue limit result in the receipt of the minimum State aid of $120 per pupil. This amount is defined in the State's Constitution as Basic Aid. In some districts, the local property tax collections exceed the total revenue limit. Current law in California allows these districts to keep the excess without penalty. The implication for Basic Aid districts is that the legislatively determined annual cost of living adjustment and other politically determined factors are less significant in determining such districts primary funding sources. Rather, property tax growth and the local economy become the determining factors.

A small part of a school district's budget is from local sources other than property taxes, such as interest income, donations and sales of property. A significant portion of a school district's budget comes from categorical funds provided exclusively by the State and federal government. These funds are to be used for specific programs and typically cannot be used for any other purpose. See " – Recent State Budgets – State Budget for Fiscal Year 2009-10" herein for a description of a provision granting to school districts increased flexibility with respect to the use of certain funds received from the State contained in the 2009 Budget Act (defined herein). The California lottery is another source of funding for school districts, providing approximately 2% of a school district's budget. Every school district receives the same amount of lottery funds per pupil from the State; however, these are not categorical funds as they are not for particular programs or children. The initiative authorizing the lottery requires the funds to be used exclusively for the education of pupils and students and no funds are to be spent for acquisition of real property, construction of facilities, financing of research, or any other non-instructional purpose.

The State revenue limit was first instituted in Fiscal Year 1973-74 to provide a mechanism to calculate the amount of general purpose revenue a school district is entitled to receive from State and local sources. Prior to Fiscal Year 1973-74, taxpayers in districts with low property values per pupil paid higher tax rates than taxpayers in districts with high property values per pupil. However, despite higher tax rates, less was spent per pupil in districts with low property values per pupil than districts with high property values per pupil. By disconnecting the amount of revenue to be spent per ADA from the tax rate needed to generate it, the State revenue limit helps to alleviate the inequities derived from varying property values among districts.

The State revenue limit is calculated three times a year for each school district. The first calculation is performed for the February 20th First Principal Apportionment, the second calculation for the June 25th Second Principal Apportionment, and the final calculation for the end of the year Annual Principal Apportionment. Calculations are reviewed by the appropriate County and submitted to the State Department of Education to review the calculations for accuracy, calculate the amount of State aid owed to such school districts and notify the State Controller of the amount, who then distributes the State aid. See "School District Participant Finances — Recent State Budgets" herein for information regarding the deferred apportionments during Fiscal Years 2008-09 and 2009-10.

The calculation of the amount of State aid a school district is entitled to receive each year is basically a five-step process. First, the prior year State revenue limit per ADA is established, with recalculations as are necessary for adjustments for equalization or other factors. Second, the adjusted prior year State revenue limit per ADA is adjusted according to formulas based on the implicit price deflator for government goods and services and the statewide average State revenue limit per ADA for the school districts. Third, the current year's State revenue limit per ADA for each school district is multiplied by such school district's ADA for either the current or prior year. Fourth, revenue limit adjustments are calculated for each school district that qualifies for the adjustments. Adjustments include the necessary small school district adjustments, meals for needy pupils and small school district transportation, and are added to the State revenue limit for each qualifying school district. Finally, local property tax revenues are deducted from the State revenue limit to arrive at the amount of State aid, based on the State revenue limit, to which each school district is entitled for the current year.

Federal Revenues

The federal government provides funding for several Districts' programs, including programs that benefit educationally disadvantaged students and students with limited English skills, and that provide other specialized services to students and administration. See "– Recent State Budgets – LAO Analysis of Federal Economic Stimulus Package" for a description of additional federal funding for which certain of the District's may be eligible.

Budgets of Districts

The Fiscal Year for all California school districts begins on the first day of July of each year and ends on the 30th day of June of the following year. On or before July 1 of each year, the governing board of each school district, including the Districts, is required to file an adopted budget with the County Superintendent of Schools. On or before August 15, the County Superintendent of Schools is required to examine and approve, conditionally approve or disapprove the adopted budget for each school district. If an adopted budget is disapproved, then on or before September 8, such school district and the County Superintendent of Schools must make certain revisions to the budget, adopt the revised budget, and file the revised budget with the County Superintendent of Schools.

If the revised budget of a school district is disapproved, the County Superintendent of Schools is empowered by law to oversee the management of such school district for that Fiscal Year, with the authority to monitor and review the operation of such district, to develop and adopt a fiscal plan and budget for such district, and to stay and rescind actions that are inconsistent with that budget.

The County school service fund (the "Service Fund") of the County Office of Education is employed by the County Superintendent of Schools to pay such charges against the Service Fund as are permitted by the California Education Code, including expenses of the County Superintendent of Schools and the County Board of Education. The County Superintendent of Schools must submit to the State Superintendent of Public Instruction (1) a tentative budget, on or before June 30 of each year, and (2) a final budget, on or before September 8 of each year (collectively, the "Service Fund Budget"), which outlines anticipated revenues to and expenditures from the Service Fund for the succeeding Fiscal Year, including the anticipated revenues and expenditures of the County Office of Education of the County Superintendent of Schools. The Service Fund Budget is subject to review and approval by the County Board of Education. The County Board of Education must hold a public hearing on the proposed Service Fund Budget and, following such public hearing, the final Service Fund Budget must be adopted by the Board of Education before being filed with the Superintendent of Public Instruction. The final Service Fund Budget is subject to review and approval by the Superintendent of Public Instruction.

The Districts are required by provisions of the California Education Code to maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed the revenues plus the carry-over fund balance from the previous year. The California State Department of Education imposes a uniform budgeting format for each school district in the State.

Reports and Certifications

The Education Code of the State of California (Section 42133 et seq.) requires each school district to report and certify two times during the Fiscal Year whether it is able to meet its financial obligations for the remainder of such Fiscal Year and, based on current forecasts, for the subsequent two Fiscal Years. The first report covers the period ending October 31 and the second report covers the period ending January 31. Such certifications are based on the governing board's assessment based on standards and criteria for fiscal stability adopted by the State Board of Education and the State Superintendent of Public Instruction. Each certification is required to be classified as positive, qualified, or negative on the basis of a review of the respective report against such criteria, but may include additional financial information known by the governing board to exist at the time of each certification. Such certifications are to be filed with the County Superintendent of Schools within 45 days after the close of the period being reported and, in the event of a negative or qualified certification, to the State Controller and the State Superintendent of Public Instruction. The County Superintendent of Schools must review each report and must approve or revise the certification if necessary. A negative certification is to be assigned to any school district that likely will be unable to meet its financial obligations for the remainder of the Fiscal Year or for which existing expenditure practices jeopardize the ability of the district to meet its multi-year financial commitments. A qualified certification is to be assigned to any school district that may not meet its obligations for the current Fiscal Year or two subsequent Fiscal Years. Any school district that has a qualified or negative certification in any Fiscal Year may not issue, in that Fiscal Year or in the next fiscal succeeding year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the County Superintendent of Schools determines that the district's repayment of indebtedness is probable.

La Mesa-Spring Valley School District and San Ysidro School District filed qualified certifications in connection with their Fiscal Year 2008-09 second interim reports. However, each such District expects to be able to meet its debt obligations in the current and next succeeding two fiscal years based upon budget revisions to be made in connection with the submission of its third interim report. Except for the aforementioned Districts, each of the Districts have filed positive certifications with the County Superintendent of Schools for each Fiscal Year 2008-09 reporting period for which a certificate has been filed and the County Superintendent of Schools has not made any qualified or negative determination with respect to any such certifications.

Copies of the reports and certifications of each of the Districts may be obtained upon request from the San Diego County Office of Education, Executive Director, District Financial Services, 6401 Linda Vista Road, San Diego, California 92111, telephone: 858-292-3537.

Insurance

Each District maintains insurance or self-insurance in such amounts and with such retentions and other terms providing coverage for property damage, fire and theft, general public liability and worker's compensation with respect to its respective facilities, personnel and operations, as are adequate, customary and comparable with such insurance maintained by similarly situated school districts. In addition, based upon prior claims experience, each District believes that the recorded liabilities for its self-insured claims are adequate.

Retirement

Each of the Districts participates in retirement plans with the California State Teachers' Retirement System ("CalSTRS"), which covers all full-time certificated District employees, and the California Public Employees' Retirement System ("CalPERS"), which covers certain classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

CalSTRS. Historically, the Districts' contributions to CalSTRS have been made based on a fixed percentage of 8.25% of the payroll of covered employees. The State has paid all amounts owing to CalSTRS in any year that is in addition to the 8.25% fixed contribution rate. As such, the Districts have not historically been responsible for any unfunded liability and the Districts' contribution rate has not fluctuated year to year.

From time to time, proposals have been suggested that would modify the Districts' obligations to make contributions to CalSTRS closely parallel the full cost of the retirement benefits provided by CalSTRS, which proposals would include components for unfunded liability. If these proposals were adopted, the Districts' annual obligations to CalSTRS may substantially increase.

CalPERS. All qualifying classified employees of K through 12 school districts and community colleges in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such districts share the same contribution rate in each year. However, unlike school districts' participation in CalSTRS, the school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability.

The CalPERS Public Employees Retirement Fund ("PERF") provides retirement benefits to State and other California public agency employees (including school district employees). According to the CalPERS Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2008, which sets forth actuarial information as of June 30, 2007, PERF had as of June 30, 2007 an actuarial value of assets of approximately $216.5 billion and entry age normal accrued liability of approximately $248.2 billion, with an unfunded actuarial accrued liability of approximately $31.7 billion and a funded ratio of 101.2%. For Fiscal Year 2008-2009, CalPERS has established an employer contribution rate of 9.428% for the CalPERS Plan for Schools.

Alternative Retirement Programs. Certain Districts participate in alternative retirement programs for employees not currently covered by CalSTRS or CalPERS. Bonsall Unified School District and Cardiff School District offer one-time, lump sum payments. Cardiff Unified School District provides a pre-tax retirement program known as the "3121 Plan/Social Security Alternative" through the Fringe Benefits Consortium (the "FBC") to permanent part-time employees and temporary or substitute workers. Chula Visa Elementary School District offers benefits through Public Agency Retirement Services to employees who are not members of by CalSTRS or CalPERS. National School District and Visa Unified School District offer benefits through the FBC to employees who are not members of by CalSTRS or CalPERS.

Post-Retirement Health Care. In addition to employee health care costs, many of the Districts provide post-employment health care benefits in accordance with collective bargaining agreements. Some of these arrangements place limits on these benefits, such as an aggregate limit on the respective District's costs or a termination of the health care benefits upon the retiree reaching age 65. All Districts providing post-employment health care benefits do so on a pay-as-you-go basis, paying an amount in each Fiscal Year equal to the benefits distributed or disbursed in that Fiscal Year.

On June 21, 2004, the Governmental Accounting Standards Board ("GASB") released its Governmental Accounting Standards Board Statement No. 45 ("Statement No. 45"), Accounting and *Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement No. 45 establishes standards for measuring, recognizing and disclosing post-employment healthcare as well as other forms of post-employment benefits, such as life insurance, when provided separately from a pension plan expense or expenditures and related liabilities in the financial reports of state and local governments (such other post-employment benefits are referred to herein as "OPEB"). Under Statement No. 45, governments will be required to: (i) measure the cost of benefits, and recognize other post-employment benefits expense, on the accrual basis of accounting in periods that approximate employees' years of service; (ii) provide information about the actuarial liabilities for promised benefits associated with past services and whether, or to what extent, those benefits have been funded; and (iii) provide information useful in assessing potential demands on the employer's future cash flows. The Districts' post-employment health benefits fall under Statement No. 45.

The core requirement of Statement No. 45 is that at least biennially an actuarial analysis must be prepared with respect to projected benefits ("Plan Liabilities"); against this would be measured the actuarially determined value of the related assets (the "Plan Assets"). To the extent that Plan Liabilities exceeded Plan Assets, then similar to the actuarial and accounting practices for pension plan liabilities, the difference would be amortized over a period which could be up to 30 years. The method of financial reporting for OPEB costs would be similar to financial reporting for pension plan normal costs and unfunded actuarial accrued liability. The requirements that Statement No. 45 impose on the Districts only affect the Districts' financial statements and would not impose any requirements regarding the funding of any OPEB plans.

The effective date of Statement No. 45 reporting requirements for the Districts with total revenues of $100 million or more, consisting of Chula Vista Elementary School District, Escondido Union Elementary School District, Oceanside Unified School District, Poway Unified School District, and Vista Unified School District, was Fiscal Year 2007-08 (the first Fiscal Year period beginning after December 15, 2006). The effective date of Statement No. 45 reporting requirements for the Districts with total revenues between $10 million and $100 million, consisting of Bonsall Union School District, Carlsbad Unified School District, Encinitas Union School District, Fallbrook Union High School District, La Mesa-Spring Valley School District, Del Mar Union School District, National School District, Ramona Unified School District, San Dieguito Union High School District, San Ysidro School District and Santee School District, was Fiscal Year 2008-09 (the first Fiscal Year period beginning after December 15, 2007). The effective date of Statement No. 45 reporting requirements for Cardiff School District, a District with total revenues of less than $10 million, is Fiscal Year 2009-10 (the first Fiscal Year period beginning after December 15, 2008).

Certain of the Districts have determined their accrued actuarial liability for OPEB, which represents the costs and obligations incurred as a consequence of receiving services of current employees and retirees, for which benefits are owed in exchange. The following table sets forth, to the extent available, each District's accrued actuarial liability for OPEB and the unfunded portion thereof.

OTHER POST-EMPLOYMENT BENEFITS LIABILITY

District	As of Date of Valuation	Accrued Actuarial Liability	Unfunded Accrued Actuarial Liability
Bonsall Union School District(1)	January 1, 2008	$ 2,214,232	$ 2,214,232
Cardiff School District(2)(3)	N/A	N/A	N/A
Carlsbad Unified School District	July 1, 2008	23,978,144	23,978,144
Chula Vista Elementary School District(4)	July 1, 2006	14,914,955	14,914,955
Del Mar Unified School District(1)	January 1, 2007	3,005,580	3,005,580
Encinitas Union School District	July 1, 2009	6,832,501	6,832,501
Escondido Union Elementary School District(5)	July 1, 2006	11,530,362	11,530,362
Fallbrook Union High School District(1)	January 1, 2008	8,683,525	8,683,525
La Mesa-Spring Valley School District	July 1, 2007	31,282,109	31,282,109
National School District	January 1, 2008	9,276,302	9,276,302
Oceanside Unified School District	January 1, 2006	8,958,856	8,958,856
Poway Unified School District	January 1, 2008	38,297,941	38,297,941
Ramona Unified School District(2) (6)	N/A	N/A	N/A
San Dieguito Union High School District	July 1, 2008	13,005,147	13,005,147
San Ysidro School District	July 1, 2008	4,658,106	4,658,106
Santee School District	July 1, 2007	13,789,329	13,789,329
Vista Unified School District(4)	January 1, 2007	35,775,827	35,775,827

Source: The Districts, respectively.
(1) Data reflects projections for July 1, 2008.
(2) District has not yet determined its accrued actuarial liability for OPEB.
(3) The effective year for implementation for Statement No. 45 is Fiscal Year 2009-10 for this District.
(4) Data reflects projections for July 1, 2007.
(5) Preliminary actuarial valuation data indicate that the revised UAAL estimate is likely to total approximately $33,000,000-$35,000,000.
(6) The effective year for implementation for Statement No. 45 is Fiscal Year 2008-09 for this District.

State Budget Process Related to Funding of Education

General. As is true for all school districts in California, operating income of each District consists primarily of two components: a State portion funded from the State's general fund, and a local portion derived from each Districts' share of the 1% local ad valorem property tax authorized by the State Constitution. School districts may be eligible for other special categorical funding, including for State and federal programs. As a result, decreases in State revenues, or in State legislative appropriations made to fund education, may significantly affect the operations of the Districts.

According to the State Constitution, the Governor of the State is required to propose a budget to the California Legislature no later than January 10 of each year, and a final budget must be adopted by a two-thirds vote of each house of the Legislature no later than June 15, although this deadline is routinely breached. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. On May 29, 2002, the State Court of Appeal held in *White v. Davis* (also referred to as *Jarvis v. Connell*) that the State Controller cannot disburse State funds after the beginning of the Fiscal Year until the adoption of the budget bill or an emergency appropriation, unless the expenditure is:

(1) authorized by a continuing appropriation found in statute, or (2) mandated by the Constitution (such as appropriations for salaries of elected state officers), or (3) mandated by federal law (such as payments to State workers at no more than minimum wage). The court specifically held that the State Constitution does not mandate or otherwise provide for appropriations for school districts without an adopted budget. Nevertheless, the Controller believes that statutory implementation of the constitutional school funding formula provides for a continuing appropriation of State funding for schools, and has indicated that payment of such amounts would continue during a budget impasse. Special and categorical funds would not be appropriated until a budget or emergency appropriation is adopted. The Controller has posted guidance as to what can and cannot be paid during a budget impasse at its website: www.sco.ca.gov. Should the Legislature fail to pass the budget or emergency appropriation before the start of any Fiscal Year, the Districts might experience delays in receiving certain expected revenues. The Districts are authorized to borrow temporary funds to cover their respective annual cash flow deficits, and as a result of the *White* decision, the Districts might find it necessary to increase the size or frequency of their cash flow borrowings, or to borrow earlier in the Fiscal Year.

State income tax, sales tax, and other receipts can fluctuate significantly from year to year, depending on economic conditions in the State and the nation. Because funding for education is closely related to overall State income, as described in this section, funding levels can also vary significantly from year to year, even in the absence of significant education policy changes. Brief descriptions of the adopted State budget for Fiscal Year 2008-09 and the adopted State budget for Fiscal Year 2009-10 are included below. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget". An impartial analysis of the budget is posted by the LAO at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts within the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information contained in the websites referred to herein is prepared by the respective State agency maintaining each website and not by the Districts. The Districts have not independently reviewed the information in these websites and the Districts take no responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by those references.

Aggregate State Education Funding. Under Proposition 98, a constitutional and statutory amendment adopted by the State's voters in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the Constitution) ("Proposition 98"), a minimum level of funding is guaranteed (the "Proposition 98 Guarantee") to school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs for kindergarten through grade 14 (K through 14).

The guaranteed funding amount for K through 14 education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State General Fund tax proceeds and is not based on the State General Fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given Fiscal Year's budget, from the Governor's initial budget proposal to actual expenditures, as the various factors change. Over the long run, the guaranteed amount will increase as enrollment and per-capita personal income grow. On average, about 40 percent of State General Fund tax proceeds are spent on the State's share of Proposition 98 funding.

The Proposition 98 Guarantee may be suspended for one year at a time by enactment of an urgency statute. In subsequent years in which State General Fund revenues are growing faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount. However, the amount of underfunding during suspension of Proposition 98 Guarantee will result in permanent savings to the State.

In the past, when State General Fund revenues have failed to reach budgeted levels, the State has implemented a number of retroactive funding adjustments and deferrals, distorting funding over many years, making cross-year comparisons difficult, and making short- and long-term budgeting difficult for school and community college districts. In several years in the early 1990s, as the State's economy was sliding into a recession, the State's budgeted allocations for school and community college districts proved to be more than the Proposition 98 Guarantee would have required. The excess amounts were later treated by the State as advances to K through 14 education against subsequent years' Proposition 98 Guarantee, resulting in aggregate funding reductions of over $1 billion in those subsequent years. In 2003-04, 2004-05 and 2008-09, the worsening State financial position again resulted in retroactive adjustments as well as current-year cuts. LAO reported that legislative actions in mid-Fiscal Year 2002-03 eliminated $2.5 billion from budgeted Proposition 98 funding through a combination of deferral of expenditures to Fiscal Year 2003-04, use of one-time funds, captured program savings, and other cuts. In general, deferral of education expenditures and reductions in the components of Proposition 98 funding have the effect of reducing the base from which the Proposition 98 Guarantee is calculated in the future. Legislation enacted in March 2003 permanently defers the apportionment of Proposition 98 funds, scheduled each year for June, to each July 2, and thereby deferring apportionment from one Fiscal Year to the next. These and other techniques significantly reduced the Proposition 98 Guarantee for Fiscal Years 2003-04 and beyond. See "School District Participant Finances — Recent State Budgets" herein for information regarding the deferred apportionments during Fiscal Years 2008-09 and 2009-10.

Recent State Budgets

State Budget for Fiscal Year 2008-09. On September 23, 2008, Governor Schwarzenegger signed into law the State Budget Act for Fiscal Year 2008-09 (the "2008-09 State Budget Act"). Due to significant negotiation and revision prior to its ultimate adoption, the 2008-09 State Budget Act was adopted subsequent to the statutory deadline of June 30.

The Fiscal Year 2007-08 State Budget Act projected a State General Fund balance at the end of Fiscal Year 2007-08 of $3.3 billion and a total reserve of $4.1 billion. The 2008-09 State Budget Act projected ending Fiscal Year 2007–08 with a State General Fund balance of $4.0 billion, of which $885 million was reserved for the liquidation of encumbrances and $3.1 billion was deposited in a reserve for economic uncertainties.

The 2008-09 State Budget Act reported that the State General Fund began Fiscal Year 2008-09 with a balance of $4.0 billion. The 2008-09 State Budget Act projected State General Fund revenues and transfers for Fiscal Year 2008-09 of $102.0 billion, a decrease of approximately 1.0% of the anticipated revenues and transfers for Fiscal Year 2007-2008, and State General Fund expenditures of $103.4 billion, an increase of approximately 0.06% above the anticipated expenditures for Fiscal Year 2007-08. The 2008-09 State Budget Act projects ending Fiscal Year 2008-09 with a State General Fund balance of $2.6 billion, of which $885 million was projected to be reserved for the liquidation of encumbrances and $1.7 billion was projected to be deposited in a reserve for economic uncertainties.

The Governor's economic forecasts for Fiscal Year 2008-09 reflected weaker economic performance throughout the country and the State. The 2008-09 State Budget Act attempted to address a projected $24.3 billion budget shortfall which was identified in the Governor's May Revision to the

Proposed 2008-09 Budget with a combination of cuts in expenditures and projections of increased revenues. The 2008-09 State Budget Act included vetoes on behalf of the Governor in the amount of $510 million of spending approved by the State Legislature. The 2008-09 State Budget Act contained a proposal to increase the State's Budget Stabilization Account (the "BSA") from 5% of State General Fund expenditures to 12.5%. In addition, the 2008-09 State Budget Act proposed an annual transfer to the BSA of 3% of the State General Fund and the elimination of the ability to suspend such annual transfers. During economic downturns, when the State Constitution permits funds to be drawn from the BSA, such transfers would not occur. Further, the State would only be permitted to transfer funds from the BSA if (1) actual revenues during such fiscal year are below a specified level and (2) funds transferred from the BSA to the State General Fund are appropriated in a stand-alone bill.

In addition, the 2008-09 State Budget Act included the Governor's proposal to set forth a ballot measure to modernize the State lottery and securitize future lottery proceeds. During a special session of the State Legislature in November 2008, the State Legislature agreed to place such proposal on the ballot for consideration by the voters. Beginning in Fiscal Year 2009-10, pending approval by the voters of such ballot measure, annual appropriations from the State General Fund would replace the allocation of lottery revenues to public education. The 2008-09 State Budget Act projected that additional revenues would be used to pay down debt and fill a reserve fund in future years. Each of the entities currently receiving lottery funding would be provided funds from the State General Fund equal to the amount of lottery revenue such entity received in Fiscal Year 2008-09, adjusted each year by the change in average daily attendance or full time equivalent students, as applicable, and by the change in State per capita personal income.

The 2008-09 State Budget Act contained the following major components relating to K-12 education funding:

Cost of Living Adjustments – The 2008-09 State Budget Act included a $244.3 million augmentation to provide a 0.68% COLA for school apportionments ($239.8 million for school district revenue limits and $4.5 million is for county office of education revenue limits). The 2008-09 State Budget Act did not provide a COLA for categorical programs.

Property Tax Revenues – The 2008-09 State Budget Act projected $14.4 billion in property tax revenues for school districts and county offices of education in Fiscal Year 2008-09, an increase of $1.0 billion from the estimated property tax revenues in Fiscal Year 2007-08. Estimates of property tax revenues in Fiscal Year 2008-09 reflected the inclusion of redevelopment agency pass-through provisions enacted with the 2008-09 State Budget Act.

Property Tax Pass-Through Legislation – Due to, among other things, a recent report by the State Controller's Office stating that redevelopment agencies in the State have not been passing through the full amount of property tax increment revenues to local taxing jurisdictions, the 2008-09 State Budget Act included legislation requiring redevelopment agencies to report all payments and obligations to local taxing jurisdictions from Fiscal Year 2003-04 through the current fiscal year for verification. Pursuant to such legislation, if approved, redevelopment agencies would be required to remit any outstanding obligations to local taxing jurisdictions; however, monies owed to school districts that offset State costs for apportionments would be deposited in the respective county's ERAF. This legislation also requires a one-time shift of $350 million from redevelopment agencies to the respective county's Educational Revenue Augmentation Fund and estimates that the transfer will total $98 million in Fiscal Year 2008-09.

Williams Settlement – The 2008-09 State Budget Act provides a transfer in the amount of $101 million to the Emergency Repair Account established under the *Williams* settlement agreement. Such transfer will bring total transfers authorized to fund school facility emergency repair projects pursuant to the *Williams* settlement agreement to $392 million.

Student and Teacher Longitudinal Data Systems – The 2008-09 State Budget Act includes $25.4 million to support the development of the California Longitudinal Pupil Achievement Data System and related school information services programs. The 2008-09 State Budget Act estimated that total funding for these programs since Fiscal Year 2006-07, including support for each district's transition to the longitudinal system in the summer of 2010, would be $78.7 million.

Proposition 98 Settle-Up Payments – The 2008-09 State Budget Act included a deferment of $150 million in settle-up payments that would have been appropriated to reduce outstanding costs incurred by school districts and community college districts for unfunded mandated programs. The 2008-09 State Budget Act authorized $402 million in settle-up funds to continue the Quality Education Investment Act of 2006, which funds are designated to reduce class sizes and improve teacher quality and training, and to improve counselor-to student ratios in low-performing high schools.

State Teacher's Retirement Plan – The 2008-09 State Budget Act included a package designed to increase benefits for retired teachers, which included: (i) an increase up to 85% non-vested purchasing power protection for participating teachers receiving payments from the Supplemental Benefit Maintenance Account; (ii) an annual State General Fund contribution to the Supplemental Benefit Maintenance Account of 2.5% of teacher payroll less $66.4 million in Fiscal Year 2008-09, $70 million in Fiscal Year 2009-10, $71 million in Fiscal Year 2010-11 and $72 million in each subsequent fiscal year; (iii) a shift from a lump sum payment on July 1 of each fiscal year to semi-annual payments on November 1 and April 1; (iv) payments of $57 million for four fiscal years beginning in Fiscal Year 2009-10 to pay for interest accrued from a lawsuit in Fiscal Year 2007-08 concerning the State's one-time reduction of payments to CalSTRS' Supplemental Benefit Maintenance Account in Fiscal Year 2003-04; (v) an extended payroll reporting period to October 25 with the ability to amend the report until April 15 of each year; and (vi) an additional appropriation of up to $3 million in Fiscal Year 2009-10 to account for payroll reporting errors in prior fiscal years.

Immediate Intervention Underperforming Schools Program – The 2008-09 State Budget Act eliminated the $6 million approved by the State Legislature that allocates funds to non-Title I Immediate Intervention Underperforming Schools Program school. Such schools include certain schools in the bottom half of the API rankings have not met API improvement targets set forth in the State Education Code and are still subject to State sanctions. In addition, operation staff of such schools may be assigned to work with an intervention team or receive additional assistance from the State.

Enrollment – The 2008-09 State Budget Act included an increase of $269 million for enrollment growth. This increase is funding due primarily to higher than estimated attendance and is reflected in school district revenue limits and community college apportionments.

Legislative Analyst's Office Analysis of the Fiscal Year 2008-09 State Budget Act. In November 2008, the Legislative Analysts Office (the "LAO") released a report entitled "California Spending Plan 2008-09; The Budget Act and Related Legislation" (the "LAO Spending Plan Report"), which provided an analysis by the LAO of the 2008-09 State Budget Act. The LAO Spending Plan Report is available on the LAO website at www.lao.ca.gov. Information on the website is not incorporated herein by reference.

State Budget for Fiscal Year 2009-10. On February 20, 2009, the Governor signed the 2009-10 State Budget Act (the "2009-10 State Budget Act") to address a then-projected $42 billion shortfall in revenues. The 2009-10 State Budget Act estimates Fiscal Year 2008-09 revenues and transfers of $89.37 billion, total expenditures of $94.09 billion and a year-end deficit of $2.34 billion, which includes a $2.37 billion prior-year State General Fund balance, a $3.42 billion withdrawal from the reserve for economic uncertainties and an allocation of $1.08 billion to the reserve for the liquidation of encumbrances. The 2009-10 State Budget Act projects Fiscal Year 2009-10 revenues and transfers of $97.73 billion actual expenditures of $92.21 billion and a year-end surplus of $3.18 billion (net of the $2.34 billion deficit from Fiscal Year 2008 09), of which $1.08 billion will be reserved for the liquidation of encumbrances and $2.10 billion will be deposited in a reserve for economic uncertainties.

Certain of the features of the 2009-10 State Budget Act affecting school districts include the following:

1. The 2009-10 State Budget Act reduces Fiscal Year 2008-09 Proposition 98 spending for school districts and community college districts to $50.7 billion from the $58.1 billion set forth in the 2008-09 Budget Act. The 2009-10 State Budget Act allocates $54.9 billion to Proposition 98 funding for Fiscal Year 2009-10.

2. The 2009-10 State Budget Act includes reductions in Fiscal Year 2008-09 of $2.4 billion from K-14 programs, which amount includes $943.8 million from K-12 revenue limits, $943.8 million from approximately fifty K-12 categorical programs, $286.9 million from the elimination of the K-14 COLA and $210 million from other various K-12 programs as compared to amounts set forth in the 2008-09 Budget Act. The 2009-10 State Budget Act includes additional reductions in Fiscal Year 2009-10 of $267.5 million from revenue limits and $267.5 million from categorical programs.

3. The 2009-10 State Budget Act defers until July 2009 approximately $3.2 billion in K-14 principal apportionments of which $2.3 billion will be allocated to K-12 programs, $570 million to K-3 class size reduction and $340 million to community colleges. In addition, the 2009-10 State Budget Act defers until October 2009 principal apportionments established for the months of July 2009 and August 2009 in the approximate amount of $2.5 billion.

4. The 2009-10 State Budget Act eliminates the High Priority Schools program, which provides additional funding to low-performing schools in the State to improve academic performance. The elimination of the High Priority Schools program reduces amounts received by such schools in the aggregate amount of $114.2 million.

5. The 2009-10 State Budget Act implements provisions to grant school districts increased flexibility with respect to the use of certain funds received from the State to shift funds to meet their highest priority needs in Fiscal Years 2008-09 through 2012-13 and reduces penalties associated with the K-3 Class Size Reduction program through 2011-12. These flexibility provisions will not apply to programs protected under federal law or programs that were approved pursuant to voter initiatives.

According to the Legislative Analyst's Office (the "LAO"), the 2009 Budget Act relied in particular upon the passage of three measures appearing on the ballot at a special election held in May 2009 (the "Special Election"), which accounted for an aggregate $5.8 billion in additional revenues to the State. None of these measures received the requisite voter approval. See "THE NOTES – State of California Finances – May Revision to the 2009-10 State Budget Act" below.

LAO Analysis of the 2009-10 State Budget Act. On March 13, 2009, the LAO issued a report entitled "The Fiscal Outlook Under the February Budget Package" (the "LAO Fiscal Outlook"), which provides analysis by the LAO of the 2009 Budget Act. The LAO Fiscal Outlook is available on the LAO website at www.lao.ca.gov. Information on the website is not incorporated herein by reference.

According to the LAO Fiscal Outlook, the State's economic and revenue outlook has deteriorated since the adoption of the 2009-10 State Budget Act. The LAO states that the State Legislature and the Governor should consider additional savings proposals, pursue broad based programmatic changes and maximize the use of any federal funds received to help balance the State budget in the current and future fiscal years. Also, the LAO notes that the 2009-10 State Budget Act relies upon the passage of certain ballot measures at the Special Election and the failure of such measures would require the development of additional budgetary solutions. According to the LAO, given the short-term nature of some of the budgetary strategies set forth in the 2009-10 State Budget Act, the State's deficit will reappear in future years and grow from $12.6 billion in Fiscal Year 2010-11 to $26 billion in Fiscal Year 2013-14 absent corrective actions. Further, the LAO cautions that the State could experience recurring cash flow pressures in the coming months and years, which could be aggravated if credit markets remain strained and the State's access to borrowing for cash flow purposes were restricted.

May Revision to the 2009-10 State Budget Act. On May 14, 2009, the Governor released the May Revision to the 2009-10 State Budget Act (together with the contingency proposals referenced therein, the "May Revision"). The May Revision projects a budget gap of $21.3 billion through the remainder of Fiscal Year 2008-09 and Fiscal Year 2009-10 due to continued shortfalls in revenue collections and increased costs and the failure of five of the six budget-related propositions included in the Special Election, which the May Revision proposes to address through program reductions and additional borrowings. The May Revision estimates Fiscal Year 2008-09 revenues and transfers of $85.95 billion, total expenditures of $94.89 billion and a year-end deficit of $3.63 billion, which includes a $2.31 billion prior-year State General Fund balance, a $4.71 billion withdrawal from the reserve for economic uncertainties and an allocation of $1.08 billion to the reserve for the liquidation of encumbrances. The May Revision projects Fiscal Year 2009-10 revenues and transfers of $92.22 billion, total expenditures of $85.46 billion and a year-end surplus of $3.13 billion (net of the $2.63 billion deficit from Fiscal Year 2008-09), of which $1.08 billion will be reserved for the liquidation of encumbrances and $2.05 billion will be deposited in a reserve for economic uncertainties. The May Revision indicates that the State's economic outlook includes negative growth for the current calendar year, followed by weak growth in calendar year 2010 and increased growth in calendar year 2011.

Features of the May Revision affecting K-12 school districts in general include the following:

1. The May Revision reduces Proposition 98 funding for Fiscal Year 2008-09 to $49.1 billion from the $50.7 billion set forth in the 2009-10 State Budget Act and reduces Proposition 98 funding for Fiscal Year 2009-10 to $53.7 billion from the $55.9 billion set forth in the 2009-10 State Budget Act. The May Revision projects that such reductions will be largely offset by $3.3 billion in federal State Fiscal Stabilization Fund receipts and $2.8 billion in other federal funding increases, which are being provided to schools through the Recovery and Reinvestment Act. In addition, the May Revision proposes a shift of 8% of city, county and special district property tax dollars to schools and community colleges, which is projected to provide a $2.0 billion reduction in the Proposition 98 spending obligation from the State General Fund.

2. The May Revision proposes to eliminate funding for the High Priority Schools Program to reduce State expenditures of approximately $114 million.

3. The May Revision proposes a reduction of $1.3 billion in Fiscal Year 2008-09 in revenue limit apportionments to school districts and proposes a reduction of $1.4 billion in Fiscal Year 2009-10 in revenue limit apportionments to school districts.

4. The May Revision proposes a deferral of $1.7 billion in school district apportionment payments from Fiscal Year 2009-10 to Fiscal Year 2010-11.

5. The May Revision notes that, due to cash flow shortfalls, the State may move certain payments to K-12 school districts from the scheduled payment dates to a different date. The State may shift program payments to K-12 school districts from the beginning of July 2009 to the end of July 2009 and may shift a portion of the July 2009 and August 2009 payments to October 2009.

6. The May Revision proposes to change State law to give to school districts the option of reducing instructional time by the equivalent of up to 7.5 days a year for the next three years.

LAO May Overview of the May Revision. On May 21, 2009, the LAO released an analysis of the May Revision entitled Overview of the 2009-10 May Revision (the "LAO May Overview"). The LAO May Overview states that the economic and revenue forecasts and assessments of the State's budgetary problems set forth in the May Revision are generally reasonable in light of the effects of the economic slowdown throughout the United States, but indicates that General Fund expenditures across Fiscal Year 2008-09 and Fiscal Year 2009-10 could exceed revenues by approximately $3 billion more than the amount estimated in the May Revision.

The LAO May Overview states that the May Revision relies on a number of proposals that could result in a General Fund reserve at the end of Fiscal Year 2009-10 of $2.1 billion, but that the largest proposals carry the largest risks. The LAO also notes that many of the proposals contained in the May Revision are one-time in nature and recommends that the State Legislature reduce its reliance on one-time measures, which could contribute to long-term negative effects for taxpayers and programs. The LAO May Overview sets forth several budget recommendations for the State Legislature, including eliminating certain duplicative, inefficient, ineffective or over-budgeted education programs, additional borrowing of transportation funds, increasing community college fees, reconsidering the dedication of certain VLF fees to local public safety programs, implementing additional user fees for government services, modifying the proposed property tax revenues borrowing to target specific agencies and reconsidering the use of revenue anticipation warrants for budget balancing and reserve building purposes, which, according to the LAO, sets a bad precedent and presents serious legal concerns. Further, the LAO recommended the Governor eliminate the deferral of expenditures to K-12 education programs and cautioned that sizeable deferrals in the future could make many districts more susceptible to becoming insolvent.

The LAO May Overview states that the State Legislature will face a significant challenge to address the projected budget deficit in Fiscal Year 2008-09 and projected revenue shortfalls in Fiscal Year 2009-10 and must pay particular attention to closing the State's ongoing structural mismatch between revenues and spending for future years. The LAO May Overview reiterated that the State Legislature should look to the alternatives to balance the State's finances on an ongoing basis while avoiding proposed solutions that do not prioritize program reductions, add additional borrowing or debt and lead to a diminution of the State Legislature's authority.

Governor's Update to the May Revision to the 2009-10 State Budget Act. On May 26, 2009 and on May 29, 2009, the Governor released updates to the May Revision (collectively, the "May Revision Update"). The May Revision Update projects a budget gap of $3.10 billion through the remainder of Fiscal Year 2008-09 due to shortfalls in revenue collections and increased costs and the failure of five of the six budget-related propositions included in the Special Election. The May Revision Update estimates

Fiscal Year 2008-09 revenues and transfers of $85.95 billion, total expenditures of $91.35 billion and a year-end deficit of $3.10 billion, which includes a $2.31 billion prior-year State General Fund balance and an allocation of $1.08 billion to the reserve for the liquidation of encumbrances. The May Revision Update projects Fiscal Year 2009-10 revenues and transfers of $92.22 billion, total expenditures of $83.52 billion and a year-end surplus of $5.60 billion (net of the $3.10 billion deficit from Fiscal Year 2008-09), of which $1.08 billion will be reserved for the liquidation of encumbrances and $4.52 billion will be deposited in a reserve for economic uncertainties. The May Revision and the May Revision Update, collectively, include proposals to reduce General Fund spending in the amount of $3.12 billion during the remainder of Fiscal Year 2008-09 and $20.85 billion during Fiscal Year 2009-10 in order to eliminate the State's projected $21.3 billion through such period. The proposals contained in the May Revision Update replace the Governor's May Revision proposal to issue revenue anticipation warrants in the amount of $5.6 billion to address a portion of the State's General Fund deficit.

The May Revision Update proposes a reduction of Proposition 98-related expenditures in the amount of $680 million during Fiscal Year 2009-10 contingent upon the occurrence of a projected $3 billion decline in General Fund revenues. The May Revision Update also proposes legislation, which, if enacted, will authorize the State Superintendent of Public Instruction to adjust the deficit factor to restore some or all of the $680 million reduction in Proposition 98 funding if the State receives revenues in a larger amount than currently estimated. The May Revision and the May Revision Update propose an aggregate reduction of Proposition 98 funding in the amount of $1.41 billion during Fiscal Year 2008-09 and $3.80 billion during Fiscal Year 2009-10. See "Information Regarding the Districts – General Financial Information – Potential Impact of the May Revision Update on the Districts" herein.

LAO Analysis of Federal Economic Stimulus Package. On March 10, 2009, the LAO issued a report entitled "2009-10 Budget Analysis Series, Federal Economic Stimulus Package: Fiscal Effect on California" (the "LAO Economic Stimulus Report"), which provides an analysis by the LAO of the Recovery and Reinvestment Act and its fiscal effect on the State. The LAO Economic Stimulus Report is available on the LAO website at www.lao.ca.gov. Information on the website is not incorporated herein by reference.

The LAO projects that the State will receive approximately $31 billion in federal funding to address budget deficits and to supplement existing State spending through Fiscal Year 2010-11. The LAO projects the State will receive Education Stabilization Funds in the approximate amounts of $3.3 billion in Fiscal Year 2009-10 and $1.6 billion in Fiscal Year 2010-11 to mitigate reductions to K-12 and higher education funding. Further, the LAO projects that the State will receive approximately $3.1 billion for K-12 education, of which $1.5 billion will be allocated to Title I programs, $1.3 billion to services provided pursuant to the Individuals with Disabilities Education Act, $220 million to the Child Care and Development Block Grant and $71 million to classroom technology as part of the Enhancing Education Through Technology program. In addition, the LAO estimates that the State will receive from the Recovery and Reinvestment Act $1.1 billion in Fiscal Year 2009-10 to be applied toward fiscal stabilization. In Fiscal Years 2009-10 and 2010-11, the LAO projects that the State will receive approximately $10.4 billion in federal funding that may be used to offset expenditures from the State General Fund.

The LAO also notes that the State may receive additional federal funding through competitive grants included in the Recovery and Reinvestment Act. The LAO recommends that the State Legislature maximize the benefit received from such funds by offsetting expenditures from the State General Fund, dedicating limited-term federal assistance to limited-term State priorities, spreading out supplemental federal funding for ongoing programs to minimize the new level of spending and acting expediently to ensure that the State receives the maximum amount of funding from the Recovery and Reinvestment Act.

Future State Budgets. The Districts and the County cannot predict what actions will be taken in the future by the State Legislature and the Governor to address the State's current or future budget deficits. Future State budgets will be affected by national and State economic conditions and other factors over which the District will have no control. To the extent that the State budget process results in reduced revenues or increased expenses for the Districts and the County, the Districts and the County will be required to make adjustments to its budget. In the event of revision to the 2009 Budget Act includes decreases in the Districts' revenues or increases in required expenditures by the Districts from the levels assumed by the Districts, the Districts will be required to generate additional revenues, curtail programs and/or services, or spend down its reserve to ensure a balanced budget.

No prediction can be made by the Districts as to whether the State will encounter budgetary problems in this or in any future Fiscal Years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the Districts cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the Districts have no control.

In April 2009, the United States Department of Education announced the allocation to the State of $3.1 billion from the State Fiscal Stabilization Fund of the Recovery and Reinvestment Act. Of the total amount, approximately $2.6 billion is expected to be allocated to K-12 schools and $537 million is expected to be allocated toward the California State University and University of California systems. Such federal funds will be allocated to local education agencies by the State's Department of Education pursuant to an application process administered by the State Superintendent of Public Instruction. Receipt of funds is contingent upon the submission of an application, which includes assurances by the local education agency that it will, among other things, provide reports to the State regarding the use of funds, work with the State to advance the education reform areas identified in the State's application for federal funding and comply with all applicable accountability, transparency and reporting requirements. The State may apply for additional educational funding from the Recovery and Reinvestment Act in the fall of 2009.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

Article XIIIA of the California Constitution. Article XIIIA of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIIIA limits the maximum ad valorem tax on real property to one percent of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIIIA provides that the one-percent limitation does not apply to ad valorem taxes levied to pay interest and redemption charges on (1) indebtedness approved by the voters prior to July 1, 1978, or (2) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast on the proposition, or (3) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the bond proposition. The tax for payment of the District's general obligation bonds falls within the exception for bonds approved by a 55% vote.

Section 2 of Article XIIIA defines "full cash value" to mean the county assessor's valuation of real property as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. The Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restored value of the damaged property. The California courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIIIA provides that, notwithstanding any other law, local agencies may not levy any ad valorem property tax except the 1% base tax levied by each County and taxes to pay debt service on indebtedness approved by the voters as described above.

Since its adoption, Article XIIIA has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the District.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIIIA.

Article XIIIC and Article XIIID of the California Constitution. On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges. Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes); prohibits special purpose government agencies such as school districts from levying general taxes; and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote. Article XIIIC also provides that no tax may be assessed on property other than ad valorem property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

Article XIIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. The State Constitution and the laws of the State impose a duty on the county treasurer-tax collector to levy a property tax sufficient to pay debt service on school bonds coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes which are pledged as security for payment of the Bonds or to otherwise interfere with performance of the duty of the District and the County with respect to such taxes. Legislation adopted in 1997 provides that Article XIIIC shall not be construed to mean that any owner or Beneficial Owner of a municipal security assumes the risk of or consents to any initiative measure which would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Article XIIID deals with assessments and property-related fees and charges. Article XIIID explicitly provides that nothing in Article XIIIC or XIIID shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District. Developer fees imposed by the District are restricted as to use and are neither pledged nor available to pay the Bonds.

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

Expenditures and Appropriations

Article XIIIB of the California Constitution. In addition to the limits Article XIIIA imposes on property taxes that may be collected by local governments, certain other revenues of the State and local governments are subject to an annual "appropriations limit" or "Gann Limit" imposed by Article XIIIB of the State Constitution, which effectively limits the amount of such revenues that government entities are permitted to spend. Article XIIIB, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to "proceeds of taxes," which consist of tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." "Proceeds of taxes" excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds.

Article XIIIB also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The appropriations limit may also be exceeded in cases of emergency; however, the appropriations limit for the three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Each school district is required to establish an appropriations limit each year. In the event that a school district's revenues exceed its spending limit, the district may increase its appropriations limit to equal its spending by taking appropriations limit from the State.

Proposition 111 requires that each agency's actual appropriations be tested against its limit every two years. If the aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years. If the State's aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, 50% of the excess is transferred to fund the State's contribution to school and college districts.

Future initiatives. Articles XIIIA, XIIIB, XIIIC, and XIIID, and Propositions 98 and 111 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting the revenues of the Districts.

INFORMATION REGARDING THE DISTRICTS

In connection with the offering of the Note Participations, each of the Districts has provided the following information and the summary of financial information of the Districts provided below under "SUMMARY OF FINANCIAL INFORMATION."

Average Daily Attendance

The following sets forth the average daily attendance (second period) for the four Fiscal Years ended June 30, 2008 and projections for Fiscal Year ending June 30, 2009 for each of the Districts:

AVERAGE DAILY ATTENDANCE
Fiscal Years 2004-05 through 2008-09

District	2004-05	2005-06	2006-07	2007-08	2008-09[1]
Bonsall Union School District	1,498[4]	1,588	1,645	1,712	1,701[4]
Cardiff School District[2]	711	705	700	684	709[4]
Carlsbad Unified School District[2]	9,786[4]	10,012[4]	10,081[4]	10,280[4]	10,285[4]
Chula Vista Elementary School District	25,139[4]	25,525[4]	25,914[4]	26,428[4]	26,462[4]
Del Mar Unified School District[2]	3,556	3,609	3,719	4,085	4,092
Encinitas Union School District[2]	5,420	5,275[5]	5,394[5]	5,229	5,304
Escondido Union Elementary School District	18,429	17,887	17,685	17,631	17,339[4]
Fallbrook Union High School District	3,063[4]	2,991[4]	2,994[4]	3,010[4]	2,990[4]
La Mesa-Spring Valley School District	13,391	13,118	12,797	12,470	12,178[4]
National School District	5,959	5,776	5,623	5,553	5,446[4]
Oceanside Unified School District	20,176	19,364	19,179	19,196	19,317
Poway Unified School District	31,827[4]	31,798[4]	31,884[4]	32,086[4]	32,157
Ramona Unified School District	6,731	6,603	6,508	6,478	6,451
San Dieguito Union High School District[3]	11,524[4]	11,739[4]	11,961[4]	12,022[4]	12,090
San Ysidro School District	4,893	4,831	4,941	4,940	4,624
Santee School District	6,528	6,303	6,113	6,050[4]	6,126
Vista Unified School District	23,233[4]	22,855[4]	22,374[4]	22,404[4]	22,137

Source: Data for Fiscal Years 2004-05 through 2007-08 are from the audited financial statements of each respective District, and for Fiscal Year 2008-09 are from the second interim reports of each respective District, unless otherwise noted.

(1) Projected.
(2) Basic Aid District.
(3) District anticipates certification as a Basic Aid District in Fiscal Year 2008-09.
(4) Data provided by the respective District.
(5) Revised amount set forth in the District's audited financial statements for the Fiscal Year ended June 30, 2008.
(6) Includes charter school ADA.

Base Revenue Limit

The following table sets forth the actual base revenue limit per ADA for Fiscal Year 2007-08 and the budgeted base revenue limit per average daily attendance for 2008-09 for each of the Districts is as follows:

BASE REVENUE LIMIT PER ADA
Fiscal Years 2007-08 and 2008-09(1)

District	2007-08 (Actual)	2008-09 (Budgeted)(1)
Bonsall Union School District	$5,538.60(2)	$5,393.52(2)
Cardiff School District	5,518.21(2)	5,833.54(2)
Carlsbad Unified School District	5,775.31	6,104.31
Chula Vista Elementary School District	5,530.25	5,845.25
Del Mar Unified School District	5,538.34	5,853.34
Encinitas Union School District	5,541.70	5,856.70
Escondido Union Elementary School District	5,534.53(2)	5,894.48(2)
Fallbrook Union High School District	6,686.10(2)	7,065.10(2)
La Mesa-Spring Valley School District	5,542.05(2)	5,857.05(2)
National School District	5,537.28(2)	5,852.48(2)
Oceanside Unified School District	5,773.66(2)	5,623.97(2)
Poway Unified School District	5,780.97	6,109.97
Ramona Unified School District	5,787.41	6,116.41
San Dieguito Union High School District	6,640.08(2)	7,019.08(2)
San Ysidro School District	5,562.46(2)	5,877.46(2)
Santee School District	6,127.31(2)	6,050.08(2)
Vista Unified School District	5,776.61	6,105.61

Source: Data for Fiscal Year 2007-08 are from the audited financial statements of each respective District, and for Fiscal Year 2008-09 are from the second interim reports of each respective District, unless otherwise noted.

(1) Amounts listed are budgeted and thus do not reflect actual financial results or the outcome of State budget negotiations and revisions. Amounts are prior to application of the deficit factor, which was 0% for Fiscal Year 2007-08 and 7.844% for the first principal apportionment for Fiscal Year 2008-09.

(2) Data provided by the respective District.

Employees

The following table sets forth the number of certificated and classified employees for each of the Districts as of July 1, 2008:

CERTIFICATED AND CLASSIFIED EMPLOYEES
Full-Time Equivalent Employees
(As of July 1, 2008)

District	Certificated Employees	Classified Employees	Management Employees
Bonsall Union School District	118	61	14
Cardiff School District	48	30	3
Carlsbad Unified School District	530	246	35
Chula Vista Elementary School District	1,703	895	185
Del Mar Unified School District(1)	314	287	19
Encinitas Union School District	287	102	29
Escondido Union Elementary School District(2)	1,007	410	84
Fallbrook Union High School District(1)	153	92	22
La Mesa-Spring Valley School District	769	441	8
National School District	324	153	34
Oceanside Unified School District	1,050	658	64
Poway Unified School District	1,810	1,303	264
Ramona Unified School District	323	269	31
San Dieguito Union High School District	611	374	60
San Ysidro School District	278	173	30
Santee School District	362	413	43
Vista Unified School District	1,238	774	89

Source: The Districts, respectively.
(1) Management employees included in the Certificated and Classified employee counts.
(2) As of the date of the Second Interim Report.

Bonsall Union School District, Chula Vista Elementary School District, Encinitas Union School District, Fallbrook Union High School District, Santee School District and Vista Unified School District are currently in negotiations with some or all of their employee bargaining units. Depending on the outcome of such negotiations, the foregoing Districts may be required to pay increased amounts in compensation to their respective employees. La Mesa-Spring Valley School District and its bargaining groups are currently discussing potential changes to existing contracts due to budgetary reductions and constraints. Other than the foregoing Districts, none of the Districts has any employee collective bargaining arrangements currently under negotiation; and none of the Districts or their respective staffs are aware of any labor disputes which may materially adversely affect the finances or operations of the District.

General Financial Information

Basic Aid Districts. Cardiff School District, Carlsbad Unified School District, Del Mar Union School District and Encinitas Union School District are each "Basic Aid" districts; none of the other Districts are "Basic Aid" districts. However, San Dieguito Union High School District anticipates certification as a Basic Aid District in Fiscal Year 2008-09. See "— Major Revenues — School District Funding" above for a description of "Basic Aid" districts.

Potential Impact of the May Revision Update on the Districts. The proposed reductions included in the 2009-10 State Budget Act, the May Revision and the May Revision Update could have potentially significant impacts on the Districts. The following table sets forth the potential impact on the Districts of the revenue limit reductions and transportation funding reductions included in the May Revision Update. The Districts expect to address such reductions in State revenue limit funding and transportation funding by reducing expenditures.

District	Estimated Additional Reductions in Revenue Limit	Estimated Transportation Reductions
Bonsall Union School District	$ 178,021	$ 200,599
Cardiff School District	76	10,939
Carlsbad Unified School District	(297)	85,485
Chula Vista Elementary School District	2,289,261	659,061
Del Mar Union School District	0	38,230
Encinitas Union School District	5,643	186,560
Escondido Union School District	1,822,965	191,472
Fallbrook Union High School District	378,978	283,896
La Mesa-Spring Valley School District	1,275,111	593,804
National School District	575,340	127,544
Oceanside Unified School District	2,148,397	1,633,325
Poway Unified School District	3,561,839	1,158,188
Ramona Unified School District	699,223	397,773
San Dieguito Union High School District	(394)	344,874
San Ysidro School District	483,816	65,988
Santee School District	649,312	222,043
Vista Unified School District	2,467,851	913,205

The Districts continue to review the 2009-10 State Budget Act, the May Revision, the May Revision Update, and other State financial information and expect to develop their respective responses as more information becomes available.

Temporary Transfer. Santee School District has received a temporary transfer of funds from the Treasurer-Tax Collector of the County (the "Temporary Transfer"; such transfer is also referred to as a Treasurer's Loan from time to time) for Fiscal Year 2008-09. A Temporary Transfer must be repaid from the Treasury Pool participant's first revenues received thereafter before any other obligation and thus, in the case of Santee School District, would have a priority over such Districts' general fund debt obligations. The Temporary Transfer for Santee School District is scheduled to be repaid by October 2009. See APPENDIX A – "COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION – County Financial Information – Temporary Transfers" for a description of Temporary Transfers.

Certifications: Except as described herein, each of the Districts has certified to each of the following:

1. Such District has not defaulted on any lease or any other debt obligation in the last 10 years;

2. Such District has not been named a party in any pending litigation where the District faces a potential liability of more than $1 million or for which the District has been notified by any of its insurance carriers that coverage is not available; and

3. Such District has not in the past five years, failed to comply in all material respects with any previous undertakings with regard to Rule 15c2-12, promulgated by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), to provide annual reports or notices of material events.

Pending Litigation. A former architect has sued Santee School District for allegedly unpaid work in the amount of $2 million. The District has counterclaimed for $2.6 million resulting from alleged negligence by the architect, amounts paid in excess of work actually performed and the cost of completing work the architect was supposed to, but did not, perform. The District anticipates a successful defense against the suit and the successful recovery of amounts pursuant to its counterclaim. The liability resulting from such claim, if any, is not expected to materially adversely impact the District's ability to pay principal and interest on its Note as it becomes due and payable.

Audit of the District or its Operations. In February 2009, CalSTRS issued its final audit report on the earnings and membership information reported by Escondido Union School Districts relative to the administration of the Teachers' Retirement Fund for the audit period July 1, 2005 through June 30, 2008 and concluded that such District incorrectly reported certain members' earnings as non-member earnings and incorrectly reported extra-duty assignment compensation for two members. The District estimates that the maximum liability associated with the audit is $17 million, which is not expected to materially adversely impact the District's ability to pay principal and interest on its Note as it becomes due and payable. Several of the identified errors had been corrected and paid for by the release of the audit.

Continuing Disclosure Obligations. Carlsbad Unified School District failed to file a material event notice in connection with the downgrade of one issue of insured general obligation bonds. Such material event notice was subsequently filed. Cardiff School District failed to file annual reports, including audited financial statements, for Fiscal Years 2003-04 through 2007-08 in accordance with the continuing disclosure certificate executed in connection with general obligation bonds issued in 2000. Each required annual report and audited financial statement was subsequently filed. The La Mesa-Spring Valley School District failed to file material event notices in connection with downgrades of certain of its insured general obligation bonds and annual reports, including audited financial statements, for Fiscal Years 2004-05 through 2008-09 in accordance with the continuing disclosure certificate executed in connection with general obligation bonds issued in 2005. Each required material event notice, annual report and audited financial statement was subsequently filed.

SUMMARY OF FINANCIAL INFORMATION

The following tables provide a summary of the financial information of the Districts.

	Bonsall Union School District			
	06/30/06	06/30/07	06/30/08	06/30/09
	Audited	Audited	Audited	Budgeted
INCOME STATEMENT				
Total Revenues	12,771,402	14,471,705	14,429,793	13,997,040
Total Expenditures	12,522,724	13,643,752	14,208,923	13,783,669
Total Other Financing Sources	42,946	77,694	(353,304)	(213,117)
Net Income	291,624	905,647	(132,434)	254
Beginning Fund Balance	1,466,452	1,758,076	2,663,723	2,531,289
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	1,758,076	2,663,723	2,531,289	2,531,543
BALANCE SHEET				
Total Assets	2,006,364	2,971,725	3,299,562	
Total Liabilities	248,288	308,002	768,273	
Total Fund Equity	1,758,076	638,191	0	
Total Liabilities + Fund Equity	2,006,364	946,193	768,273	

	Cardiff School District			
	06/30/06	06/30/07	06/30/08	06/30/09
	Audited	Audited	Audited	Budgeted
INCOME STATEMENT				
Total Revenues	6,372,813	6,984,101	7,237,168	7,292,634
Total Expenditures	6,444,994	6,912,696	6,938,119	7,286,310
Total Other Financing Sources	0	0	0	0
Net Income	(72,181)	71,405	299,049	6,324
Beginning Fund Balance	480,294	408,113	479,518	778,567
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	408,113	479,518	778,567	784,891
BALANCE SHEET				
Total Assets	1,477,594	1,635,078	852,389	
Total Liabilities	1,069,481	1,155,560	73,822	
Total Fund Equity	408,113	479,518	778,567	
Total Liabilities + Fund Equity	1,477,594	1,635,078	852,389	

	Carlsbad Unified School District			
	06/30/06	06/30/07	06/30/08	06/30/09
	Audited	Audited	Audited	Budgeted
INCOME STATEMENT				
Total Revenues	71,585,198	81,515,019	86,090,419	84,458,014
Total Expenditures	72,003,526	78,516,237	81,547,117	85,264,442
Total Other Financing Sources	792,597	(579,178)	(1,242,076)	1,215,408
Net Income	374,269	2,419,604	3,301,226	408,980
Beginning Fund Balance	6,915,928	7,290,197	9,709,801	13,011,027
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	7,290,197	9,709,801	13,011,027	13,420,007
BALANCE SHEET				
Total Assets	18,658,426	22,858,938	20,475,456	
Total Liabilities	11,368,229	13,149,137	7,464,429	
Total Fund Equity	7,290,197	9,709,801	13,011,027	
Total Liabilities + Fund Equity	18,658,426	22,858,938	20,475,456	

	Chula Vista Elementary School District			
	06/30/06	06/30/07	06/30/08	06/30/09
	Audited	Audited	Audited	Budgeted
INCOME STATEMENT				
Total Revenues	176,956,048	196,151,794	193,113,911	188,933,679
Total Expenditures	177,717,648	183,527,586	197,573,244	200,828,770
Total Other Financing Sources	3,064,445	3,743,410	3,212,800	5,266,762
Net Income	2,302,845	16,367,618	(1,246,533)	(6,628,329)
Beginning Fund Balance	13,699,240	16,002,084	32,369,702	31,123,169
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	16,002,085	32,369,702	31,123,169	24,494,840
BALANCE SHEET				
Total Assets	40,631,588	58,454,212	39,491,197	
Total Liabilities	24,629,503	26,084,510	8,368,028	
Total Fund Equity	16,002,085	32,369,702	31,123,169	
Total Liabilities + Fund Equity	40,631,588	58,454,212	39,491,197	

	Del Mar Union School District			
	06/30/06	06/30/07	06/30/08	06/30/09
	Audited	Audited	Audited	Budgeted
INCOME STATEMENT				
Total Revenues	32,453,910	36,103,824	38,879,951	39,828,674
Total Expenditures	31,237,520	33,206,142	37,080,731	41,595,934
Total Other Financing Sources	(91,006)	(162,374)	182,819	(190,230)
Net Income	1,125,384	2,735,308	1,982,039	(1,957,490)
Beginning Fund Balance	5,639,024	6,764,409	9,499,717	11,481,756
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	6,764,408	9,499,717	11,481,756	9,524,266
BALANCE SHEET				
Total Assets	11,377,885	14,508,707	12,865,945	
Total Liabilities	4,613,477	5,008,990	1,384,189	
Total Fund Equity	6,764,408	9,499,717	11,481,756	
Total Liabilities + Fund Equity	11,377,885	14,508,707	12,865,945	

	Encinitas Union School District			
	06/30/06	06/30/07	06/30/08	06/30/09
	Audited	Audited	Audited	Budgeted
INCOME STATEMENT				
Total Revenues	42,138,361	46,652,051	45,989,775	47,949,254
Total Expenditures	42,881,249	47,145,897	47,331,833	51,293,696
Total Other Financing Sources	1,034,782	1,861,961	948,956	1,202,016
Net Income	291,894	1,368,115	(393,102)	(2,142,426)
Beginning Fund Balance	7,044,701	7,336,595	8,704,710	8,311,608
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	7,336,595	8,704,710	8,311,608	6,169,182
BALANCE SHEET				
Total Assets	10,412,049	12,067,143	10,727,856	
Total Liabilities	3,075,454	3,362,433	2,416,248	
Total Fund Equity	7,336,595	8,704,710	8,311,608	
Total Liabilities + Fund Equity	10,412,049	12,067,143	10,727,856	

	Escondido Union School District			
	06/30/06	06/30/07	06/30/08	06/30/09
	Audited	Audited	Audited	Budgeted
INCOME STATEMENT				
Total Revenues	141,398,793	154,625,780	151,273,816	146,371,335
Total Expenditures	136,276,457	145,892,521	145,315,098	147,813,233
Total Other Financing Sources	(282,927)	(2,883,939)	(2,747,251)	(2,200,340)
Net Income	4,839,409	5,849,320	3,211,467	(3,642,238)
Beginning Fund Balance	17,216,084	22,055,493	27,904,813	11,481,756
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	22,055,493	27,904,813	31,116,280	7,839,518
BALANCE SHEET				
Total Assets	33,041,993	34,757,074	36,629,928	
Total Liabilities	10,986,499	6,852,261	5,513,649	
Total Fund Equity	22,055,494	27,904,813	31,116,280	
Total Liabilities + Fund Equity	33,041,993	34,757,074	36,629,929	

	Fallbrook Union High School District			
	06/30/06	06/30/07	06/30/08	06/30/09
	Audited	Audited	Audited	Budgeted
INCOME STATEMENT				
Total Revenues	25,957,132	30,306,372	28,763,796	28,153,115
Total Expenditures	25,656,179	27,898,075	27,885,432	28,052,296
Total Other Financing Sources	210,018	(1,650,262)	(723,418)	(126,717)
Net Income	510,971	758,035	154,946	(25,898)
Beginning Fund Balance	1,251,083	1,762,054	2,520,089	2,675,035
Adjustments + Transfers	0	0	0	94,443
Ending Fund Balance	1,762,054	2,520,089	2,675,035	2,743,580
BALANCE SHEET				
Total Assets	6,720,284	6,839,319	3,480,119	
Total Liabilities	4,958,230	4,319,230	805,084	
Total Fund Equity	1,762,054	2,520,089	2,675,035	
Total Liabilities + Fund Equity	6,720,284	6,839,319	3,480,119	

	La Mesa-Spring Valley School District			
	06/30/06	06/30/07	06/30/08	06/30/09
	Audited	Audited	Audited	Budgeted
INCOME STATEMENT				
Total Revenues	104,045,813	112,814,465	107,422,246	102,586,983
Total Expenditures	100,524,172	109,064,240	111,387,747	112,645,967
Total Other Financing Sources	(644,253)	(601,506)	(427,134)	1,005,637
Net Income	2,877,388	3,148,719	(4,392,635)	(9,053,347)
Beginning Fund Balance	15,995,270	18,872,658	22,021,377	17,628,742
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	18,872,658	22,021,377	17,628,742	8,575,395
BALANCE SHEET				
Total Assets	22,291,937	25,835,946	20,134,190	
Total Liabilities	3,419,279	3,814,748	2,505,448	
Total Fund Equity	18,872,658	22,021,198	17,628,742	
Total Liabilities + Fund Equity	22,291,937	25,835,946	20,134,190	

National School District

	06/30/06 Audited	06/30/07 Audited	06/30/08 Audited	06/30/09 Budgeted
INCOME STATEMENT				
Total Revenues	49,908,570	53,119,225	52,123,875	55,908,124
Total Expenditures	48,479,856	51,155,594	50,512,610	61,585,853
Total Other Financing Sources	(1,100,775)	(572,377)	(270,000)	0
Net Income	327,939	1,391,254	1,341,265	(5,677,729)
Beginning Fund Balance	6,434,926	6,762,865	8,154,119	9,495,384
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	6,762,865	8,154,119	9,495,384	3,817,655
BALANCE SHEET				
Total Assets	9,408,127	9,733,182	11,194,603	
Total Liabilities	2,645,263	1,579,065	1,699,223	
Total Fund Equity	6,762,864	8,154,117	9,495,380	
Total Liabilities + Fund Equity	9,408,127	9,733,182	11,194,603	

Oceanside Unified School District

	06/30/06 Audited	06/30/07 Audited	06/30/08 Audited	06/30/09 Budgeted
INCOME STATEMENT				
Total Revenues	160,986,684	172,399,273	172,300,196	168,903,533
Total Expenditures	155,517,219	169,637,009	176,517,258	171,956,726
Total Other Financing Sources	(740,713)	(845,300)	(2,405,568)	(450,142)
Net Income	4,728,752	1,916,964	(6,622,630)	(3,503,335)
Beginning Fund Balance	20,334,644	25,063,396	26,980,360	20,357,730
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	25,063,396	26,980,360	20,357,730	16,854,395
BALANCE SHEET				
Total Assets	32,088,088	35,878,984	27,359,062	
Total Liabilities	7,024,692	8,898,624	7,001,332	
Total Fund Equity	25,063,396	26,980,360	20,357,730	
Total Liabilities + Fund Equity	32,088,088	35,878,984	27,359,062	

Poway Unified School District

	06/30/06 Audited	06/30/07 Audited	06/30/08 Audited	06/30/09 Budgeted
INCOME STATEMENT				
Total Revenues	231,710,952	263,725,060	263,741,393	257,279,460
Total Expenditures	228,149,731	257,083,742	269,078,031	259,015,913
Total Other Financing Sources	(1,330,555)	435,757	(118,572)	(680,919)
Net Income	2,230,667	7,077,074	(5,455,210)	(2,417,372)
Beginning Fund Balance	16,402,161	18,632,828	25,709,902	20,254,691
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	18,632,828	25,709,902	20,254,691	17,837,319
BALANCE SHEET				
Total Assets	42,702,569	42,822,497	31,225,926	
Total Liabilities	24,069,741	17,112,595	10,971,235	
Total Fund Equity	18,632,828	25,709,902	20,254,691	
Total Liabilities + Fund Equity	42,702,569	42,822,497	31,225,926	

Ramona Unified School District

	06/30/06 Audited	06/30/07 Audited	06/30/08 Audited	06/30/09 Budgeted
INCOME STATEMENT				
Total Revenues	50,567,510	55,725,044	55,018,276	53,696,102
Total Expenditures	51,673,777	54,221,079	53,895,503	58,722,169
Total Other Financing Sources	61,180	(1,548,728)	(288,412)	(106,204)
Net Income	(1,045,088)	(44,763)	834,361	(5,132,271)
Beginning Fund Balance	6,017,807	4,972,720	4,927,957	5,762,318
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	4,972,720	4,927,957	5,762,318	630,046
BALANCE SHEET				
Total Assets	8,225,476	7,453,475	6,729,522	
Total Liabilities	3,252,756	2,525,518	967,205	
Total Fund Equity	4,972,720	4,927,957	5,762,318	
Total Liabilities + Fund Equity	8,225,476	7,453,475	6,729,522	

San Dieguito Union High School District

	06/30/06 Audited	06/30/07 Audited	06/30/08 Audited	06/30/09 Budgeted
INCOME STATEMENT				
Total Revenues	113,919,457	117,480,032	116,814,271	111,463,345
Total Expenditures	107,618,941	116,642,186	130,216,450	115,662,301
Total Other Financing Sources	0	0	0	0
Net Income	6,300,516	837,846	(13,402,179)	(4,198,956)
Beginning Fund Balance	143,412,580	149,790,811	150,218,586	136,816,407
Adjustments + Transfers	0	(410,071)	0	0
Ending Fund Balance	149,713,096	150,218,586	136,816,407	132,617,451
BALANCE SHEET				
Total Assets	246,900,000	244,700,000	227,500,000	
Total Liabilities	97,200,000	94,000,000	90,600,000	
Total Fund Equity	149,700,000	150,700,000	136,900,000	
Total Liabilities + Fund Equity	246,900,000	244,700,000	227,500,000	

San Ysidro School District

	06/30/06 Audited	06/30/07 Audited	06/30/08 Audited	06/30/09 Budgeted
INCOME STATEMENT				
Total Revenues	40,332,524	48,499,258	45,822,934	44,871,012
Total Expenditures	39,709,229	44,966,563	48,311,699	47,643,397
Total Other Financing Sources	4,676,548	(2,451,080)	(313,962)	(48,353)
Net Income	5,299,843	1,081,615	(2,802,727)	(2,820,738)
Beginning Fund Balance	3,219,311	8,519,154	9,600,769	6,798,042
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	8,519,154	9,600,769	6,798,042	3,977,304
BALANCE SHEET				
Total Assets	11,464,155	15,750,830	8,567,377	
Total Liabilities	2,945,001	6,150,061	1,769,335	
Total Fund Equity	8,519,154	9,600,769	6,798,042	
Total Liabilities + Fund Equity	11,464,155	15,750,830	8,567,377	

Santee School District

	06/30/06 Audited	06/30/07 Audited	06/30/08 Audited	06/30/09 Budgeted
INCOME STATEMENT				
Total Revenues	50,810,959	54,696,221	52,663,683	48,672,319
Total Expenditures	49,594,469	52,551,861	53,671,855	47,495,998
Total Other Financing Sources	2,457,850	(856,209)	(405,172)	(52,000)
Net Income	3,674,340	1,288,151	(1,413,344)	1,124,321
Beginning Fund Balance	3,477,823	7,152,163	8,440,314	7,026,970
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	7,152,163	8,440,314	7,026,970	8,151,291
BALANCE SHEET				
Total Assets	12,153,211	10,436,849	8,884,792	
Total Liabilities	5,001,048	1,996,535	1,857,822	
Total Fund Equity	7,152,163	8,440,314	7,026,970	
Total Liabilities + Fund Equity	12,153,211	10,436,849	8,884,792	

Vista Unified School District

	06/30/06 Audited	06/30/07 Audited	06/30/08 Audited	06/30/09 Budgeted
INCOME STATEMENT				
Total Revenues	225,069,472	238,741,814	271,480,736	198,721,591
Total Expenditures	211,116,925	230,243,836	230,796,429	211,911,492
Total Other Financing Sources	0	0	0	0
Net Income	13,952,547	8,497,978	40,684,307	(13,189,901)
Beginning Fund Balance	188,521,808	200,388,913	208,886,891	249,570,746
Adjustments + Transfers	0	0	(452)	0
Ending Fund Balance	202,474,355	208,886,891	249,570,746	236,380,845
BALANCE SHEET				
Total Assets	343,461,243	348,729,426	421,597,485	
Total Liabilities	143,626,055	139,842,535	172,026,739	
Total Fund Equity	199,835,188	208,886,891	249,570,746	
Total Liabilities + Fund Equity	343,461,243	348,729,426	421,597,485	

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APPENDIX C

2009-10 CASH FLOW PROJECTIONS OF THE DISTRICTS

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SERIES B-1 PARTICIPANTS

Bonsall Union School District

2008-2009 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	2,238,060	2,454,213	2,735,451	2,199,303	1,914,614	1,447,736	2,652,736	2,580,118	2,347,139	1,604,147	2,372,157	2,092,629	2,238,060
Receipts													
Property Taxes	87,835	84,023	19,833	80,006	142,875	1,548,838	690,671	107,281	114,821	1,329,979	640,665	268,141	5,114,969
State Apportionment	46,572	620,953	677,874	230,876	370,888	370,888	370,888	366,169	243,591	313,751	313,751	0	3,926,201
Other Revenues	632,089	179,181	78,714	931,464	298,367	506,842	855,039	501,320	212,430	675,203	316,979	773,611	5,961,237
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenues	766,496	884,157	776,421	1,242,346	812,130	2,426,568	1,916,597	974,770	570,842	2,318,932	1,271,395	1,041,752	15,002,407
Disbursements													
Salaries/Benefits	260,576	257,048	1,013,193	1,100,505	1,104,079	1,090,341	1,097,001	1,092,659	1,061,948	1,142,659	1,142,659	1,142,659	11,505,328
Other Expenditures	173,977	341,062	297,541	394,332	142,317	119,121	216,410	111,703	149,108	382,170	382,170	382,170	3,092,081
Transfers Out	115,790	4,808	1,835	32,199	32,613	12,105	675,805	3,387	102,778	26,093	26,093	26,093	1,059,600
TRAN Related Expenditures	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	550,343	602,919	1,312,569	1,527,035	1,279,009	1,221,568	1,989,216	1,207,749	1,313,834	1,550,922	1,550,922	1,550,922	15,657,009
Ending Cash Balance	2,454,213	2,735,451	2,199,303	1,914,614	1,447,736	2,652,736	2,580,118	2,347,139	1,604,147	2,372,157	2,092,629	1,583,458	1,583,458

2009-2010 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	1,583,458	2,995,936	2,943,063	1,863,663	1,937,308	1,480,337	2,695,243	2,630,032	2,375,313	1,771,822	2,171,962	1,975,937	1,583,458
Receipts													
Property Taxes	87,835	84,023	19,833	80,006	142,875	1,548,838	690,671	107,281	114,821	1,329,979	640,665	268,141	5,114,969
State Apportionment	(269,372)	215,870	326,855	748,353	326,855	326,855	326,855	285,998	285,998	285,998	285,998	0	3,146,263
Other Revenues	1,339,359	250,152	233,601	1,019,441	299,427	507,902	856,099	506,871	256,645	684,707	275,355	258,880	6,488,437
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	805,000	0	0	0	0	0	0	0	0	0	0	0	805,000
Total Revenues	1,962,822	550,045	580,289	1,847,800	769,157	2,383,595	1,873,624	900,150	657,464	2,300,683	1,202,018	527,021	15,554,669
Disbursements													
Salaries/Benefits	260,576	257,048	960,313	1,047,625	1,051,199	1,037,462	1,044,121	1,039,779	1,009,068	1,089,780	1,089,780	1,089,780	10,976,532
Other Expenditures	173,977	341,062	697,541	694,332	142,317	119,121	116,410	111,703	149,108	182,170	182,170	182,170	3,092,081
Transfers Out	115,790	4,808	1,835	32,199	32,613	12,105	375,805	3,387	102,778	226,093	126,093	26,093	1,059,600
TRAN Related Expenditures	0	0	0	0	0	0	402,500	0	0	402,500	0	0	805,000
Total Expenditures	550,343	602,919	1,659,689	1,774,155	1,226,129	1,168,689	1,938,836	1,154,869	1,260,954	1,900,543	1,398,043	1,298,043	15,933,213
Ending Cash Balance	2,995,936	2,943,063	1,863,663	1,937,308	1,480,337	2,695,243	2,630,032	2,375,313	1,771,822	2,171,962	1,975,937	1,204,914	1,204,914

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/08	Projected Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10
Special Revenue	Developer Fees	795,627	795,627	795,627
Total		795,627	795,627	795,627

Cardiff School District

2008-2009 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	606,877	1,846,676	1,424,819	921,316	759,982	336,543	1,697,532	1,128,848	842,175	529,919	750,572	657,907	606,877
Receipts													
Property Taxes	3,350	74,819	16,753	76,505	139,525	1,832,067	669,124	170,931	113,386	1,496,858	466,488	156,503	5,216,309
State Apportionment	2,126	2,126	2,126	1,723	0	0	810	(814)	(814)	(814)	(814)	0	5,655
Other Revenues	106,419	32,046	94,309	412,321	67,502	189,969	171,084	159,654	212,755	138,369	79,244	77,584	1,741,257
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	1,500,000	0	0	0	0	0	0	0	0	0	0	0	1,500,000
Total Revenues	1,611,895	108,991	113,188	490,549	207,026	2,022,036	841,018	329,771	325,327	1,634,413	544,918	234,086	8,463,221
Disbursements													
Salaries/Benefits	181,463	381,840	537,764	550,327	567,108	546,026	548,189	544,442	548,000	548,000	548,000	548,000	6,049,160
Other Expenditures	123,564	133,586	64,692	94,555	59,796	77,883	83,036	72,003	85,000	85,000	85,000	85,000	1,049,116
Transfers Out	67,068	15,422	14,234	7,002	3,560	37,139	2,300	0	4,583	4,583	4,583	4,583	165,059
TRAN Related Expenditures	0	0	0	0	0	0	776,177	0	0	776,177	0	0	1,552,354
Total Expenditures	372,096	530,849	616,690	651,884	630,465	661,048	1,409,702	616,445	637,583	1,413,760	637,583	637,583	8,815,689
Ending Cash Balance	1,846,676	1,424,819	921,316	759,982	336,543	1,697,532	1,128,848	842,175	529,919	750,572	657,907	254,410	254,410

2009-2010 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	254,410	1,657,657	1,265,732	818,130	694,189	271,688	1,633,613	1,097,101	812,732	503,345	757,762	654,011	254,410
Receipts													
Property Taxes	3,350	74,819	16,753	76,505	139,525	1,832,067	669,124	170,931	113,386	1,496,858	466,488	156,503	5,216,309
State Apportionment	66	259	582	1,253	0	0	233	219	219	219	219	0	3,269
Other Revenues	281,927	63,845	151,754	450,185	68,439	190,906	172,655	160,926	214,591	139,923	67,125	46,547	2,008,825
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	1,490,000	0	0	0	0	0	0	0	0	0	0	0	1,490,000
Total Revenues	1,775,343	138,923	169,088	527,943	207,963	2,022,973	842,012	332,076	328,196	1,637,000	533,832	203,050	8,718,403
Disbursements													
Salaries/Benefits	181,463	381,840	537,764	550,327	567,108	546,026	548,189	544,442	548,000	548,000	548,000	548,000	6,049,160
Other Expenditures	123,564	133,586	64,692	94,555	59,796	77,883	83,036	72,003	85,000	85,000	85,000	85,000	1,049,116
Transfers Out	67,068	15,422	14,234	7,002	3,560	37,139	2,300	0	4,583	4,583	4,583	4,583	165,059
TRAN Related Expenditures	0	0	0	0	0	0	745,000	0	0	745,000	0	0	1,490,000
Total Expenditures	372,096	530,849	616,690	651,884	630,465	661,048	1,378,525	616,445	637,583	1,382,583	637,583	637,583	8,753,335
Ending Cash Balance	1,657,657	1,265,732	818,130	694,189	271,688	1,633,613	1,097,101	812,732	503,345	757,762	654,011	219,478	219,478

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/08	Projected Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10
Special Revenue	Deferred Maintenance Fund 14	303,251	335,000	250,000
Total		303,251	335,000	250,000

Carlsbad Unified School District

2008-2009 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	16,327,648	9,423,789	9,903,452	3,939,761	2,351,143	(2,399,305)	13,104,942	14,540,951	11,489,277	7,330,246	18,233,449	17,080,468	16,327,648
Receipts													
Property Taxes	82,850	2,829,635	393,230	1,012,299	1,623,497	20,707,677	7,754,596	2,264,306	1,445,281	16,937,069	5,275,942	1,129,640	61,456,022
State Apportionment	(7,551)	(7,551)	(7,551)	(6,129)	0	0	(2,878)	3,255	7,299	5,277	5,277	0	(10,552)
Other Revenues	(3,383,842)	1,153,969	852,534	5,202,396	1,147,625	2,255,962	1,383,820	2,220,287	2,322,967	2,035,044	1,500,377	1,481,499	18,172,636
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenues	(3,308,543)	3,976,054	1,238,213	6,208,566	2,771,121	22,963,639	9,135,538	4,487,848	3,775,546	18,977,390	6,781,596	2,611,139	79,618,106
Disbursements													
Salaries/Benefits	2,334,428	2,075,491	5,998,104	6,581,590	6,604,989	6,385,114	6,593,542	6,630,767	6,841,501	6,841,501	6,841,501	6,841,501	70,570,030
Other Expenditures	772,768	714,511	1,192,649	1,045,997	916,581	1,034,302	907,590	904,137	1,000,000	1,000,000	1,000,000	1,000,000	11,488,534
Transfers Out	488,119	706,389	11,151	169,597	0	39,976	58,786	4,619	93,075	93,075	93,075	93,075	1,850,938
TRAN Related Expenditures	0	0	0	0	0	0	139,611	0	0	139,611	0	0	279,222
Total Expenditures	3,595,315	3,496,391	7,201,904	7,797,184	7,521,570	7,459,392	7,699,528	7,539,523	7,934,576	8,074,187	7,934,576	7,934,576	84,188,724
Ending Cash Balance	9,423,789	9,903,452	3,939,761	2,351,143	(2,399,305)	13,104,942	14,540,951	11,489,277	7,330,246	18,233,449	17,080,468	11,757,031	11,757,031

2009-2010 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	11,757,031	19,122,978	19,590,901	13,811,381	10,937,174	5,658,180	20,997,154	18,037,147	14,304,018	9,774,277	16,239,189	14,607,598	11,757,031
Receipts													
Property Taxes	83,956	2,867,399	398,478	1,025,809	1,645,164	20,984,037	7,858,087	2,294,525	1,464,569	17,163,108	5,346,354	1,144,716	62,276,202
State Apportionment	(152)	(885)	(1,986)	(4,279)	0	0	(794)	(749)	(749)	(749)	(749)	0	(11,094)
Other Revenues	2,217,247	1,133,653	1,330,986	4,210,571	904,547	1,904,366	1,182,801	1,603,161	2,035,605	1,681,719	1,051,970	741,774	19,998,400
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	8,700,000	0	0	0	0	0	0	0	0	0	0	0	8,700,000
Total Revenues	11,001,051	4,000,167	1,727,478	5,232,100	2,549,711	22,888,404	9,040,094	3,896,936	3,499,425	18,844,078	6,397,574	1,886,490	90,963,508
Disbursements													
Salaries/Benefits	2,360,764	2,098,905	6,065,770	6,655,839	6,679,502	6,457,146	6,667,925	6,705,570	6,918,682	6,918,682	6,918,682	6,918,682	71,366,146
Other Expenditures	786,221	726,950	1,430,078	1,280,872	1,149,203	1,052,308	923,390	919,877	1,017,409	1,017,409	1,017,409	1,017,409	12,338,532
Transfers Out	488,119	706,389	11,151	169,597	0	39,976	58,786	4,619	93,075	93,075	93,075	93,075	1,850,938
TRAN Related Expenditures	0	0	0	0	0	0	4,350,000	0	0	4,350,000	0	0	8,700,000
Total Expenditures	3,635,104	3,532,244	7,506,998	8,106,308	7,828,705	7,549,429	12,000,101	7,630,066	8,029,166	12,379,166	8,029,166	8,029,166	94,255,616
Ending Cash Balance	19,122,978	19,590,901	13,811,381	10,937,174	5,658,180	20,997,154	18,037,147	14,304,018	9,774,277	16,239,189	14,607,598	8,464,922	8,464,922

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/08	Projected Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10
General	Adult Education	46,516	0	0
Other	Deferred Maintenance	1,668,097	0	0
Capital Projects	Capital Project Funds	3,591,280	3,000,000	2,800,000
Total		5,305,893	3,000,000	2,800,000

Chula Vista Elementary School District

2008-2009 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	16,515,948	30,189,349	26,395,129	20,148,870	21,576,912	13,517,474	37,548,369	31,565,455	25,767,465	19,214,359	22,957,751	20,982,849	16,515,948
Receipts													
Property Taxes	1,425,859	1,362,674	319,762	1,303,458	2,334,929	25,347,626	11,264,166	423,827	1,824,920	21,149,546	10,312,170	4,249,533	81,318,470
State Apportionment	522,363	6,964,838	7,603,281	2,588,593	4,159,782	4,159,782	4,159,782	4,123,942	2,587,974	3,453,605	3,453,605	0	43,777,547
Other Revenues	4,808,646	3,940,978	2,897,351	14,080,552	2,443,666	13,472,538	5,529,585	5,692,193	4,969,014	10,205,612	4,975,667	9,917,637	82,933,439
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	20,000,000	0	0	0	0	0	0	0	0	0	0	0	20,000,000
Total Revenues	26,756,868	12,268,490	10,820,394	17,972,603	8,938,377	42,979,946	20,953,533	10,239,962	9,381,908	34,808,763	18,741,442	14,167,170	228,029,456
Disbursements													
Salaries/Benefits	9,054,609	11,577,258	14,124,028	13,829,323	14,389,735	13,745,057	13,947,422	13,833,919	14,043,318	14,677,721	14,677,722	14,677,720	162,577,832
Other Expenditures	3,133,698	3,233,398	2,859,571	2,712,522	2,186,759	2,172,973	2,631,333	2,094,722	1,827,766	6,051,999	6,051,999	6,051,999	41,008,739
Transfers Out	895,160	1,252,054	83,054	2,716	421,321	3,031,021	8,664	109,311	63,930	(13,377)	(13,377)	(13,377)	5,827,100
TRAN Related Expenditures	0	0	0	0	0	0	10,349,028	0	0	10,349,028	0	0	20,698,056
Total Expenditures	13,083,467	16,062,710	17,066,653	16,544,561	16,997,815	18,949,051	26,936,447	16,037,952	15,935,014	31,065,371	20,716,344	20,716,342	230,111,727
Ending Cash Balance	30,189,349	26,395,129	20,148,870	21,576,912	13,517,474	37,548,369	31,565,455	25,767,465	19,214,359	22,957,751	20,982,849	14,433,677	14,433,677

2009-2010 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	14,433,677	23,204,992	15,266,253	8,275,142	16,427,906	8,159,728	31,981,885	29,254,261	23,765,853	18,310,122	26,018,830	22,761,583	14,433,677
Receipts													
Property Taxes	1,425,859	1,362,674	319,762	1,303,458	2,334,929	25,347,626	11,264,166	423,827	1,824,920	22,980,464	7,295,932	5,193,256	81,076,873
State Apportionment	(4,028,008)	2,363,272	3,584,772	8,211,807	3,584,772	3,584,772	3,584,772	4,028,715	3,583,231	3,583,231	3,583,231	0	35,664,567
Other Revenues	15,400,259	5,338,838	7,550,379	16,759,322	3,552,098	14,419,887	6,629,704	6,866,585	6,825,967	5,719,860	3,553,438	2,742,480	95,358,818
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	13,770,000	0	0	0	0	0	0	0	0	0	0	0	13,770,000
Total Revenues	26,568,110	9,064,784	11,454,913	26,274,587	9,471,799	43,352,285	21,478,642	11,319,127	12,234,118	32,283,555	14,432,601	7,935,736	225,870,258
Disbursements													
Salaries/Benefits	13,767,938	12,259,821	13,117,069	13,499,996	13,592,951	13,043,390	13,143,872	13,292,012	15,036,974	15,036,973	15,036,974	15,036,974	165,864,949
Other Expenditures	3,133,698	3,233,398	2,859,571	2,712,522	2,186,759	2,172,973	2,631,333	2,094,722	2,600,000	2,600,000	2,600,000	2,600,000	31,424,976
Transfers Out	895,160	1,510,304	2,469,383	1,909,305	1,960,266	4,313,765	1,546,060	1,420,801	52,874	52,874	52,874	52,874	16,236,540
TRAN Related Expenditures	0	0	0	0	0	0	6,885,000	0	0	6,885,000	0	0	13,770,000
Total Expenditures	17,796,796	17,003,523	18,446,023	18,121,823	17,739,976	19,530,128	24,206,265	16,807,535	17,689,848	24,574,847	17,689,848	17,689,848	227,296,465
Ending Cash Balance	23,204,992	15,266,253	8,275,142	16,427,906	8,159,728	31,981,885	29,254,261	23,765,853	18,310,122	26,018,830	22,761,583	13,007,470	13,007,470

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/08	Projected Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10
Special Revenue	Deferred Maintenance	580,000	490,000	150,000
Capital Projects	Capital Facilities	3,474,437	4,217,187	4,210,687
Internal Service	Workers' Compensation	4,527,223	4,900,000	5,500,000
Total		8,581,660	9,607,187	9,860,687

Del Mar Union School District

2008-2009 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	12,575,720	15,380,898	12,917,161	9,517,721	7,706,565	5,571,364	13,952,487	13,117,869	11,513,762	9,124,996	12,519,950	11,433,353	12,575,720
Receipts													
Property Taxes	19,722	442,916	99,172	450,753	826,055	10,816,481	3,935,672	1,334,903	684,185	8,827,430	2,751,414	578,593	30,767,297
State Apportionment	(167)	(167)	(167)	(135)	0	0	(64)	117	117	117	117	0	(232)
Other Revenues	393,985	225,122	91,270	1,318,419	337,334	1,011,927	577,347	666,965	991,204	597,993	226,144	302,940	6,740,651
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	3,800,000	0	0	0	0	0	0	0	0	0	0	0	3,800,000
Total Revenues	4,213,539	667,871	190,276	1,769,037	1,163,390	11,828,408	4,512,955	2,001,985	1,675,506	9,425,540	2,977,675	881,533	41,307,716
Disbursements													
Salaries/Benefits	615,370	2,385,504	2,970,106	3,003,134	2,963,072	2,910,927	2,910,229	3,246,025	3,154,981	3,154,981	3,154,981	3,154,981	33,624,292
Other Expenditures	462,456	744,360	614,984	574,475	334,311	493,172	458,239	359,711	885,460	885,460	885,460	885,460	7,583,548
Transfers Out	330,536	1,744	4,625	2,583	1,207	43,185	12,790	356	23,831	23,831	23,831	156,461	624,980
TRAN Related Expenditures	0	0	0	0	0	0	1,966,315	0	0	1,966,315	0	0	3,932,630
Total Expenditures	1,408,361	3,131,608	3,589,716	3,580,193	3,298,591	3,447,285	5,347,573	3,606,092	4,064,271	6,030,586	4,064,271	4,196,901	45,765,451
Ending Cash Balance	15,380,898	12,917,161	9,517,721	7,706,565	5,571,364	13,952,487	13,117,869	11,513,762	9,124,996	12,519,950	11,433,353	8,117,985	8,117,985

2009-2010 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	8,117,985	11,125,576	8,744,254	5,427,227	4,028,140	1,892,939	10,274,062	9,445,760	7,841,652	5,452,887	8,854,155	7,767,559	8,117,985
Receipts													
Property Taxes	19,722	442,916	99,172	450,753	826,055	10,816,481	3,935,672	1,334,903	684,185	8,827,430	2,751,414	578,593	30,767,297
State Apportionment	(167)	(167)	(167)	(135)	0	0	(64)	117	117	117	117	0	(232)
Other Revenues	476,398	307,536	173,684	1,730,488	337,334	1,011,927	577,347	666,965	991,204	597,993	226,144	138,112	7,235,133
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	3,920,000	0	0	0	0	0	0	0	0	0	0	0	3,920,000
Total Revenues	4,415,953	750,285	272,689	2,181,106	1,163,390	11,828,408	4,512,955	2,001,985	1,675,506	9,425,540	2,977,675	716,705	41,922,198
Disbursements													
Salaries/Benefits	615,370	2,385,504	2,970,106	3,003,134	2,963,072	2,910,927	2,910,229	3,246,025	3,154,981	3,154,981	3,154,981	3,154,981	33,624,292
Other Expenditures	462,456	744,360	614,984	574,475	334,311	493,172	458,239	359,711	885,460	885,460	885,460	885,460	7,583,548
Transfers Out	330,536	1,744	4,625	2,583	1,207	43,185	12,790	356	23,831	23,831	23,831	156,461	624,980
TRAN Related Expenditures	0	0	0	0	0	0	1,960,000	0	0	1,960,000	0	0	3,920,000
Total Expenditures	1,408,361	3,131,608	3,589,716	3,580,193	3,298,591	3,447,285	5,341,258	3,606,092	4,064,271	6,024,271	4,064,271	4,196,901	45,752,820
Ending Cash Balance	11,125,576	8,744,254	5,427,227	4,028,140	1,892,939	10,274,062	9,445,760	7,841,652	5,452,887	8,854,155	7,767,559	4,287,363	4,287,363

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/08	Projected Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10
General	Governmental Fund 17-42	1,295,414	1,327,454	1,354,000
Total		1,295,414	1,327,454	1,354,000

Encinitas Union School District

2008-2009 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	9,717,278	9,476,203	7,019,675	3,542,654	2,456,223	2,425,410	9,296,471	8,809,174	6,759,497	3,968,846	10,203,198	8,811,802	9,717,278
Receipts													
Property Taxes	21,341	476,537	106,700	487,167	889,201	10,167,386	4,256,100	737,810	661,038	7,988,662	2,415,363	1,944,068	30,151,373
State Apportionment	88,622	156,084	196,157	1,351,784	11,013	1,012,534	263,515	153,544	129,464	1,659,283	230,174	248,057	5,500,231
Other Revenues	115,540	52,326	111,932	43,894	1,441,056	2,799,275	0	1,020,025	385,920	1,273,627	908,796	348,811	8,501,202
Interfund Transfer	0	1,042,084	159,507	1,500,000	1,500,425	0	0	0	0	0	0	0	4,202,016
TRAN Related Revenues	3,000,000	0	0	0	0	0	0	0	0	0	0	0	3,000,000
Total Revenues	3,225,504	1,727,031	574,296	3,382,844	3,841,695	13,979,195	4,519,615	1,911,379	1,176,422	10,921,573	3,554,333	2,540,936	51,354,823
Disbursements													
Salaries/Benefits	2,378,706	3,231,278	3,251,186	3,392,508	3,279,895	3,280,961	3,342,818	3,323,713	3,310,453	3,280,989	3,716,054	3,983,172	39,771,732
Other Expenditures	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers Out	1,087,873	952,281	800,132	1,076,767	592,613	2,274,819	1,664,095	637,342	656,620	(146,122)	1,229,675	1,409,413	12,235,507
TRAN Related Expenditures	0	0	0	0	0	1,552,354	0	0	0	1,552,354	0	0	3,104,708
Total Expenditures	3,466,579	4,183,559	4,051,318	4,469,274	3,872,508	7,108,134	5,006,912	3,961,056	3,967,073	4,687,220	4,945,729	5,392,585	55,111,947
Ending Cash Balance	9,476,203	7,019,675	3,542,654	2,456,223	2,425,410	9,296,471	8,809,174	6,759,497	3,968,846	10,203,198	8,811,802	5,960,153	5,960,153

2009-2010 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	5,960,153	7,883,450	5,358,882	5,570,032	4,503,849	2,325,677	8,667,266	8,068,034	5,999,097	4,254,541	9,435,269	8,722,344	5,960,153
Receipts													
Property Taxes	14,597	358,954	118,795	515,795	912,795	12,130,004	3,958,761	875,689	514,582	10,053,212	2,915,489	1,497,624	33,866,297
State Apportionment	203,930	28,200	117,342	1,488,004	96,854	1,002,294	437,671	91,090	1,364,632	237,686	254,579	237,108	5,559,390
Other Revenues	1,703,689	696,751	398,472	764,931	649,671	487,509	287,099	629,991	416,309	507,061	444,980	603,561	7,590,023
Interfund Transfer	1,000,000	475,000	3,500,000	0	0	0	0	0	0	0	0	0	4,975,000
TRAN Related Revenues	2,840,000	0	0	0	0	0	0	0	0	0	0	0	2,840,000
Total Revenues	5,762,216	1,558,905	4,134,609	2,768,730	1,659,320	13,619,807	4,683,531	1,596,770	2,295,523	10,797,959	3,615,048	2,338,293	54,830,710
Disbursements													
Salaries/Benefits	2,979,801	3,180,607	3,201,361	3,248,690	3,231,291	3,234,902	3,268,388	3,257,471	3,265,147	3,274,431	3,327,264	3,331,100	38,800,453
Other Expenditures	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers Out	859,118	902,866	722,097	586,223	606,201	4,043,316	594,375	408,236	774,932	922,800	1,000,709	1,254,645	12,675,518
TRAN Related Expenditures	0	0	0	0	0	0	1,420,000	0	0	1,420,000	0	0	2,840,000
Total Expenditures	3,838,919	4,083,473	3,923,458	3,834,913	3,837,492	7,278,218	5,282,763	3,665,707	4,040,079	5,617,231	4,327,973	4,585,745	54,315,971
Ending Cash Balance	7,883,450	5,358,882	5,570,032	4,503,849	2,325,677	8,667,266	8,068,034	5,999,097	4,254,541	9,435,269	8,722,344	6,474,892	6,474,892

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/08	Projected Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10
Special Revenue	Special Reserve	5,178,245	4,305,588	3,366,588
Other	Child Nutrition, Deferred Mainetance	504,192	3,305,000	3,395,000
Enterprise	Self Insurance Fund for OPEB	24,393	299,299	599,458
Total		5,706,830	7,909,887	7,361,046

Escondido Union School District

2008-2009 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	22,166,719	25,380,834	25,320,029	23,493,843	23,340,487	20,062,131	29,667,882	28,440,413	23,890,193	18,338,393	24,536,732	26,359,597	22,166,719
Receipts													
Property Taxes	648,018	495,084	(113,070)	621,031	585,827	10,789,919	5,173,011	(64,522)	361,908	8,874,633	5,603,709	1,091,629	34,067,177
State Apportionment	605,166	8,068,880	8,808,527	3,000,736	4,819,602	4,819,602	4,819,602	4,939,910	3,616,748	4,402,814	4,402,814	0	52,304,401
Other Revenues	7,651,198	1,708,700	3,180,783	9,349,276	3,096,585	5,833,937	4,237,071	5,721,684	2,867,905	8,101,615	5,098,418	5,865,713	62,712,885
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	5,000,000	0	0	0	0	0	0	0	0	0	0	0	5,000,000
Total Revenues	13,904,382	10,272,664	11,876,240	12,971,043	8,502,014	21,443,458	14,229,684	10,597,072	6,846,561	21,379,062	15,104,941	6,957,342	154,084,463
Disbursements													
Salaries/Benefits	7,259,388	8,633,637	10,077,780	10,906,404	10,706,105	10,844,959	10,843,527	11,015,408	10,977,280	10,984,825	10,989,607	11,033,176	124,272,096
Other Expenditures	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers Out	3,430,879	1,699,832	3,624,646	2,217,995	1,074,265	992,748	2,113,626	4,131,884	1,421,081	1,695,898	2,292,469	4,798,969	29,494,292
TRAN Related Expenditures	0	0	0	0	0	0	2,500,000	0	0	2,500,000	0	0	5,000,000
Total Expenditures	10,690,267	10,333,469	13,702,426	13,124,399	11,780,370	11,837,707	15,457,153	15,147,292	12,398,361	15,180,723	13,282,076	15,832,145	158,766,388
Ending Cash Balance	25,380,834	25,320,029	23,493,843	23,340,487	20,062,131	29,667,882	28,440,413	23,890,193	18,338,393	24,536,732	26,359,597	17,484,794	17,484,794

2009-2010 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	17,484,794	24,809,561	20,216,362	14,818,542	19,565,661	15,568,776	24,263,163	22,253,543	16,749,795	10,339,382	11,203,513	6,158,704	17,484,794
Receipts													
Property Taxes	648,018	626,890	151,081	580,047	1,017,995	10,975,204	4,984,291	(134,439)	789,069	10,025,492	3,216,396	2,695,752	35,575,795
State Apportionment	(2,854,428)	2,695,417	4,055,897	9,251,813	4,055,897	4,055,897	4,055,897	3,504,745	3,504,745	3,504,745	3,504,745	0	39,335,366
Other Revenues	15,093,942	2,554,290	3,181,268	7,786,776	3,102,810	5,530,588	4,231,554	5,574,819	3,033,543	3,591,664	1,971,821	1,330,840	56,983,913
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	4,052,474	4,052,474
TRAN Related Revenues	5,000,000	0	0	0	0	0	0	0	0	0	0	0	5,000,000
Total Revenues	17,887,531	5,876,596	7,388,246	17,618,635	8,176,702	20,561,688	13,271,741	8,945,124	7,327,357	17,121,900	8,692,961	8,079,065	140,947,548
Disbursements													
Salaries/Benefits	7,804,218	8,536,698	10,005,903	10,553,179	10,553,179	10,663,322	10,453,179	10,453,179	10,528,823	10,528,823	10,528,823	10,528,823	121,138,148
Other Expenditures	1,959,958	1,127,353	1,808,707	2,093,110	1,288,883	1,014,508	2,109,046	3,359,575	3,000,000	3,020,000	3,000,000	3,000,000	26,781,139
Transfers Out	798,588	805,745	971,456	225,227	331,525	189,471	219,137	636,118	208,947	208,947	208,947	208,947	5,013,055
TRAN Related Expenditures	0	0	0	0	0	0	2,500,000	0	0	2,500,000	0	0	5,000,000
Total Expenditures	10,562,764	10,469,796	12,786,066	12,871,516	12,173,587	11,867,301	15,281,362	14,448,872	13,737,770	16,257,770	13,737,770	13,737,770	157,932,342
Ending Cash Balance	24,809,561	20,216,362	14,818,542	19,565,661	15,568,776	24,263,163	22,253,543	16,749,795	10,339,382	11,203,513	6,158,704	500,000	500,000

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/08	Projected Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10
Special Revenue	Fund 12-06 Child Development	666,948	690,000	288,964
Special Revenue	Fund 13-00 - Child Nutrition	1,630,499	1,800,000	809,099
Special Revenue	Fund 17-35 Special Reserve - Other	366,222	340,000	57,793
Special Revenue	Fund 17-42 Special Reserve - GASB 45	1,355,438	2,045,000	1,213,648
Capital Projects	Fund 14-00 Deferred Maintenance	2,531,724	3,000,000	577,928
Capital Projects	Fund 35-00 - State School Facilities Fund	1,124,312	830,000	0
Capital Projects	Fund 25-19 Capital Facilities Fund	4,057,970	4,250,000	2,022,747
Capital Projects	Fund 25-38 Redevelopment Fund	1,292	1,324	795
Capital Projects	Fund 21-10 Building Fund	1,100	38,000	0
Capital Projects	Fund 40-00 Special Reserve - Capital Proj	1,000,000	1,000,000	577,928
Total		12,735,505	13,994,324	5,548,901

La Mesa-Spring Valley School District

2008-2009 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	9,725,162	12,879,055	11,618,880	10,513,369	9,468,136	7,298,769	13,000,052	10,329,964	9,495,376	4,642,845	6,850,308	5,295,895	9,725,162
Receipts													
Property Taxes	438,034	423,206	102,350	391,054	685,821	7,383,503	3,358,642	239,865	544,401	6,215,326	2,167,131	2,155,784	24,105,117
State Apportionment	443,194	5,909,250	6,450,931	2,197,708	3,529,667	3,529,667	3,529,667	3,301,687	2,373,654	2,920,237	2,920,237	0	37,105,899
Other Revenues	5,777,856	923,741	1,236,618	6,373,655	3,178,462	4,234,430	2,075,655	4,753,126	1,259,404	4,555,251	2,254,311	4,376,970	40,999,479
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	1,000,000	1,000,000
TRAN Related Revenues	5,000,000	0	0	0	0	0	0	0	0	0	0	0	5,000,000
Total Revenues	11,659,085	7,256,198	7,789,900	8,962,417	7,393,950	15,147,599	8,963,964	8,294,677	4,177,459	13,690,814	7,341,679	7,532,754	108,210,495
Disbursements													
Salaries/Benefits	6,689,394	7,254,816	8,075,467	8,302,397	8,604,476	8,198,253	8,234,770	8,401,399	8,250,110	8,160,000	8,160,000	8,160,000	96,491,082
Other Expenditures	1,156,828	1,252,978	817,785	1,391,733	901,529	708,294	766,575	706,804	723,254	700,000	700,000	700,000	10,525,781
Transfers Out	658,970	8,579	2,158	313,520	57,311	539,770	132,707	21,063	56,625	123,350	36,093	36,093	1,986,238
TRAN Related Expenditures	0	0	0	0	0	0	2,500,000	0	0	2,500,000	0	0	5,000,000
Total Expenditures	8,505,192	8,516,373	8,895,410	10,007,651	9,563,317	9,446,317	11,634,052	9,129,266	9,029,989	11,483,350	8,896,093	8,896,093	114,003,101
Ending Cash Balance	12,879,055	11,618,880	10,513,369	9,468,136	7,298,769	13,000,052	10,329,964	9,495,376	4,642,845	6,850,308	5,295,895	3,932,556	3,932,556

2009-2010 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	3,932,556	10,796,488	6,930,339	4,645,520	9,428,880	5,977,040	12,018,232	8,813,773	8,119,319	4,851,385	6,374,300	4,701,792	3,932,556
Receipts													
Property Taxes	438,034	423,206	102,350	391,054	685,821	7,383,503	3,358,642	239,865	544,401	6,215,326	2,167,131	2,155,784	24,105,117
State Apportionment	(1,920,325)	2,033,941	3,060,774	6,995,344	3,060,774	3,060,774	3,060,774	2,514,445	2,678,178	2,678,178	2,678,178	0	29,901,033
Other Revenues	9,943,689	1,294,356	2,514,976	6,619,235	1,321,940	4,010,711	1,995,477	4,676,229	1,544,046	4,111,487	1,394,776	1,816,833	41,243,756
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	6,980,000	0	0	0	0	0	0	0	0	0	0	0	6,980,000
Total Revenues	15,441,399	3,751,502	5,678,101	14,005,634	5,068,534	14,454,987	8,414,893	7,430,538	4,766,624	13,004,991	6,240,085	3,972,618	102,229,907
Disbursements													
Salaries/Benefits	6,959,080	6,999,264	7,344,533	8,603,887	7,901,987	7,795,409	7,510,965	7,506,605	7,416,171	7,373,688	7,294,204	7,294,207	90,000,000
Other Expenditures	618,387	618,387	618,387	618,387	618,387	618,387	618,387	618,387	618,388	618,388	618,388	618,388	7,420,648
Transfers Out	1,000,000	0	0	0	0	0	0	0	0	0	0	0	1,000,000
TRAN Related Expenditures	0	0	0	0	0	0	3,490,000	0	0	3,490,000	0	0	6,980,000
Total Expenditures	8,577,467	7,617,651	7,962,920	9,222,274	8,520,374	8,413,796	11,619,352	8,124,992	8,034,559	11,482,076	7,912,592	7,912,595	105,400,648
Ending Cash Balance	10,796,488	6,930,339	4,645,520	9,428,880	5,977,040	12,018,232	8,813,773	8,119,319	4,851,385	6,374,300	4,701,792	761,815	761,815

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/08	Projected Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10
Special Revenue	CHILD DEVELOPMENT	289,438	240,000	100,000
Special Revenue	CHILD NUTRITION/CAFETERIA	846,377	600,000	400,000
Special Revenue	DEFERRED MAINTENANCE	1,630,597	1,485,334	1,200,000
Special Revenue	SPECIAL RESERVE	1,725,272	1,732,054	1,750,000
Capital Projects	CAPITAL FAC. DEVELOPER FEES	865,358	810,358	850,000
Capital Projects	STATE SCHOOL FACILITY FUND	987,808	965,717	0
Capital Projects	SPECIAL RESERVE CAPITAL OUTLAY	2,469,350	998,044	1,325,000
Enterprise	ENTERPRISE - CHILDCARE & PRESCHL	106,109	50,000	50,000
Total		8,920,308	6,881,507	5,675,000

Ramona Unified School District

2008-2009 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	5,722,016	8,419,945	9,539,760	7,896,839	7,695,991	5,327,643	9,371,740	8,951,190	7,090,576	6,865,599	9,157,218	7,882,408	5,722,016
Receipts													
Property Taxes	322,587	344,574	78,852	296,923	526,437	5,689,323	2,544,407	51,791	409,824	4,730,009	1,949,609	939,720	17,884,055
State Apportionment	183,925	2,452,334	2,677,131	911,900	1,464,774	1,464,774	1,464,774	1,454,815	970,838	1,248,116	1,248,116	0	15,541,497
Other Revenues	2,741,292	434,409	527,068	3,720,951	1,208,447	1,702,387	1,402,239	1,498,145	3,290,628	2,271,259	737,829	2,347,942	21,882,597
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	2,000,000	0	0	0	0	0	0	0	0	0	0	0	2,000,000
Total Revenues	5,247,804	3,231,317	3,283,050	4,929,774	3,199,659	8,856,484	5,411,420	3,004,750	4,671,290	8,249,384	3,935,554	3,287,662	57,308,149
Disbursements													
Salaries/Benefits	1,405,896	1,529,737	4,125,565	4,396,773	4,947,985	4,281,693	4,310,715	4,451,268	4,362,511	4,400,571	4,268,770	4,268,770	46,750,255
Other Expenditures	732,797	575,219	799,203	725,711	602,517	480,742	464,288	408,101	396,194	412,627	925,000	925,000	7,447,398
Transfers Out	411,182	6,546	1,203	8,138	17,504	49,952	22,064	5,996	137,563	109,664	16,594	16,594	803,001
TRAN Related Expenditures	0	0	0	0	0	0	1,034,903	0	0	1,034,903	0	0	2,069,806
Total Expenditures	2,549,875	2,111,503	4,925,971	5,130,622	5,568,007	4,812,387	5,831,969	4,865,365	4,896,267	5,957,765	5,210,364	5,210,364	57,070,459
Ending Cash Balance	8,419,945	9,539,760	7,896,839	7,695,991	5,327,643	9,371,740	8,951,190	7,090,576	6,865,599	9,157,218	7,882,408	5,959,706	5,959,706

2009-2010 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	5,959,706	8,255,981	9,509,394	6,863,711	6,133,486	3,307,038	6,845,522	6,051,384	4,369,561	1,595,539	4,142,370	5,743,356	5,959,706
Receipts													
Property Taxes	322,587	344,574	78,852	296,923	526,437	5,689,323	2,544,407	51,791	409,824	4,730,009	2,318,248	1,905,047	19,218,021
State Apportionment	(633,118)	1,800,486	1,148,177	1,017,810	1,148,177	1,148,177	1,148,177	2,110,706	635,971	635,971	635,971	0	10,796,505
Other Revenues	3,246,680	1,219,856	1,053,260	3,085,663	1,066,945	1,513,371	1,265,345	1,021,045	1,076,451	1,924,653	1,025,634	742,837	18,241,739
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	1,910,000	0	0	0	0	0	0	0	0	0	0	0	1,910,000
Total Revenues	4,846,150	3,364,916	2,280,289	4,400,396	2,741,559	8,350,870	4,957,929	3,183,542	2,122,246	7,290,633	3,979,853	2,647,883	50,166,265
Disbursements													
Salaries/Benefits	1,405,896	1,529,737	4,125,565	4,396,773	4,947,985	4,281,693	4,310,715	4,451,268	4,362,511	3,275,333	1,865,397	1,865,396	40,818,269
Other Expenditures	732,797	575,219	799,203	725,711	602,517	480,742	464,288	408,101	396,194	518,226	518,226	518,226	6,739,448
Transfers Out	411,182	6,546	1,203	8,138	17,504	49,952	22,064	5,996	137,563	(4,756)	(4,756)	(4,756)	645,880
TRAN Related Expenditures	0	0	0	0	0	0	955,000	0	0	955,000	0	0	1,910,000
Total Expenditures	2,549,875	2,111,503	4,925,971	5,130,622	5,568,007	4,812,387	5,752,067	4,865,365	4,896,267	4,743,803	2,378,866	2,378,865	50,113,597
Ending Cash Balance	8,255,981	9,509,394	6,863,711	6,133,486	3,307,038	6,845,522	6,051,384	4,369,561	1,595,539	4,142,370	5,743,356	6,012,374	6,012,374

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/08	Projected Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10
Special Revenue	Reserve	3,121,829	3,184,364	3,259,364
Total		3,121,829	3,184,364	3,259,364

San Dieguito Union High School District

2008-2009 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	11,375,370	19,120,663	16,015,841	9,497,581	8,016,070	4,141,779	19,226,431	17,893,845	15,821,909	9,704,784	18,677,228	21,020,441	11,375,370
Receipts													
Property Taxes	1,232,392	1,165,574	267,890	1,148,510	2,079,025	22,757,866	9,976,404	2,358,551	1,692,509	19,857,952	9,397,560	3,887,870	75,822,104
State Apportionment	1,548,702	1,548,702	1,548,702	902,273	0	0	554,838	569,295	(335,364)	120,369	120,369	0	6,577,886
Other Revenues	1,403,760	1,138,697	432,539	5,534,026	2,910,784	1,162,813	1,269,917	3,244,780	1,956,806	1,953,628	1,645,178	5,379,804	28,032,731
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	8,000,000	0	0	0	0	0	0	0	0	0	0	0	8,000,000
Total Revenues	12,184,854	3,852,973	2,249,132	7,584,809	4,989,809	23,920,679	11,801,159	6,172,626	3,313,951	21,931,949	11,163,107	9,267,674	118,432,721
Disbursements													
Salaries/Benefits	2,699,370	6,021,780	7,649,011	7,726,084	7,655,963	7,966,540	7,826,584	6,946,045	7,860,283	7,790,283	7,790,283	8,647,214	86,579,441
Other Expenditures	1,091,724	876,293	1,045,696	1,199,263	1,120,944	805,026	1,068,445	1,052,645	1,128,262	1,000,000	1,000,000	11,957,651	23,345,947
Transfers Out	648,467	59,722	72,685	140,973	87,194	64,461	238,716	245,872	442,530	169,222	29,611	29,611	2,229,064
TRAN Related Expenditures	0	0	0	0	0	0	4,000,000	0	0	4,000,000	0	0	8,000,000
Total Expenditures	4,439,561	6,957,795	8,767,392	9,066,320	8,864,100	8,836,027	13,133,744	8,244,562	9,431,075	12,959,505	8,819,894	20,634,476	120,154,452
Ending Cash Balance	19,120,663	16,015,841	9,497,581	8,016,070	4,141,779	19,226,431	17,893,845	15,821,909	9,704,784	18,677,228	21,020,441	9,653,638	9,653,638

2009-2010 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	9,653,638	21,429,165	16,650,029	8,971,957	7,784,826	4,038,478	24,483,535	20,121,216	17,539,674	11,893,220	19,231,458	21,348,399	9,653,638
Receipts													
Property Taxes	1,232,392	1,165,574	267,890	1,148,510	2,079,025	28,306,245	9,976,404	2,358,551	1,692,509	20,887,459	9,397,560	3,887,870	82,399,990
State Apportionment	907	65	119	244	0	0	48	45	45	45	45	0	1,563
Other Revenues	1,601,789	1,336,726	768,616	6,524,172	2,910,784	1,162,813	1,269,917	3,244,780	1,956,806	1,953,628	1,532,230	1,228,474	25,490,732
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	13,380,000	0	0	0	0	0	0	0	0	0	0	0	13,380,000
Total Revenues	16,215,088	2,502,365	1,036,625	7,672,926	4,989,809	29,469,058	11,246,369	5,603,376	3,649,360	22,841,132	10,929,835	5,116,344	121,272,285
Disbursements													
Salaries/Benefits	2,699,370	6,021,780	7,442,011	7,519,084	7,448,963	7,759,540	7,619,584	6,739,045	7,653,283	7,583,283	7,583,283	8,440,214	84,509,441
Other Expenditures	1,091,724	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	2,500,000	15,591,724
Transfers Out	648,467	59,722	72,685	140,973	87,194	64,461	99,105	245,872	442,530	29,611	29,611	29,611	1,949,842
TRAN Related Expenditures	0	0	0	0	0	0	6,690,000	0	0	6,690,000	0	0	13,380,000
Total Expenditures	4,439,561	7,281,502	8,714,696	8,860,057	8,736,157	9,024,001	15,608,688	8,184,918	9,295,813	15,502,894	8,812,894	10,969,825	115,431,007
Ending Cash Balance	21,429,165	16,650,029	8,971,957	7,784,826	4,038,478	24,483,535	20,121,216	17,539,674	11,893,220	19,231,458	21,348,399	15,494,917	15,494,917

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/08	Projected Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10
Capital Projects	Other Building Fund	360,975	375,947	343,447
Capital Projects	Capital Facilities Fund	1,343,729	648,760	228,081
Capital Projects	#N/A	2,443,077	2,205,369	1,813,017
Total		4,147,781	3,230,076	2,384,545

Vista Unified School District

2008-2009 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	18,883,279	11,698,406	9,936,163	5,672,238	8,881,478	12,676,227	17,596,798	20,481,841	21,295,715	11,256,652	26,048,820	25,918,709	18,883,279
Receipts													
Property Taxes	990,127	953,046	228,342	889,190	1,573,782	16,966,844	7,651,191	207,377	1,160,974	15,350,000	5,222,304	3,530,342	54,723,519
State Apportionment	791,584	10,554,446	11,590,062	3,924,197	6,304,032	6,304,032	6,304,037	6,471,415	4,691,059	9,783,767	6,471,415	0	73,190,046
Other Revenues	9,637,039	2,902,329	1,015,379	15,152,173	3,082,573	7,110,822	4,074,547	9,527,180	1,936,225	5,113,860	4,540,757	10,379,707	74,472,590
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenues	11,418,750	14,409,820	12,833,783	19,965,560	10,960,387	30,381,697	18,029,775	16,205,972	7,788,258	30,247,627	16,234,476	13,910,049	202,386,155
Disbursements													
Salaries/Benefits	11,859,629	13,586,430	13,363,205	14,238,048	14,292,632	13,858,845	13,772,947	13,979,366	13,912,905	13,906,448	14,632,518	15,206,749	166,609,720
Other Expenditures	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers Out	6,743,995	2,585,634	3,734,502	2,518,273	(7,126,994)	11,602,282	1,371,785	1,412,732	3,914,417	1,549,011	1,732,069	2,293,130	32,330,835
TRAN Related Expenditures	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	18,603,623	16,172,063	17,097,707	16,756,321	7,165,638	25,461,126	15,144,732	15,392,097	17,827,321	15,455,459	16,364,587	17,499,878	198,940,555
Ending Cash Balance	11,698,406	9,936,163	5,672,238	8,881,478	12,676,227	17,596,798	20,481,841	21,295,715	11,256,652	26,048,820	25,918,709	22,328,879	22,328,879

2009-2010 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	22,328,879	26,981,195	18,436,557	9,434,017	24,310,961	17,058,532	30,931,925	30,551,962	30,524,821	20,106,806	32,025,022	30,113,129	22,328,879
Receipts													
Property Taxes	990,127	953,046	228,342	889,190	1,573,782	16,966,844	7,651,191	207,377	1,160,974	15,350,000	5,222,304	3,530,342	54,723,519
State Apportionment	3,887,442	4,120,720	5,185,546	13,264,600	5,899,516	5,899,516	5,899,521	6,117,463	4,337,107	9,429,815	6,117,463	0	70,158,709
Other Revenues	14,931,032	3,496,322	3,323,942	18,122,137	3,082,573	7,110,822	3,434,057	9,065,116	1,936,225	5,113,860	3,137,927	3,103,840	75,857,853
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	4,390,000	0	0	0	0	0	0	0	0	0	0	0	4,390,000
Total Revenues	24,198,601	8,570,087	8,737,829	32,275,927	10,555,871	29,977,181	16,984,769	15,389,957	7,434,307	29,893,675	14,477,694	6,634,182	205,130,081
Disbursements													
Salaries/Benefits	12,502,291	14,229,092	14,005,867	14,880,710	14,935,294	14,501,507	13,797,947	14,004,366	13,937,905	13,931,448	14,657,518	15,231,749	170,615,692
Other Expenditures	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers Out	7,043,995	2,885,634	3,734,502	2,518,273	2,873,006	1,602,282	1,371,785	1,412,732	3,914,417	1,849,011	1,732,069	2,293,130	33,230,835
TRAN Related Expenditures	0	0	0	0	0	0	2,195,000	0	0	2,195,000	0	0	4,390,000
Total Expenditures	19,546,285	17,114,725	17,740,369	17,398,983	17,808,300	16,103,788	17,364,732	15,417,097	17,852,322	17,975,459	16,389,587	17,524,878	208,236,527
Ending Cash Balance	26,981,195	18,436,557	9,434,017	24,310,961	17,058,532	30,931,925	30,551,962	30,524,821	20,106,806	32,025,022	30,113,129	19,222,433	19,222,433

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/08	Projected Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10
Capital Projects	Deferred Maintenance	4,659,363	2,000,000	0
General	Adult Education	3,650,604	3,000,000	2,000,000
Special Revenue	Employee Benefits	1,500,000	1,600,000	1,700,000
Capital Projects	State Capital Facilities	34,830,062	15,000,000	0
Total		44,640,029	21,600,000	3,700,000

SERIES B-2 PARTICIPANTS

Fallbrook Union High School District

2008-2009 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	832,399	4,723,550	4,283,095	3,583,392	3,217,866	1,984,082	4,060,445	2,437,891	1,742,294	455,684	598,566	946,380	832,399
Receipts													
Property Taxes	155,351	160,011	35,224	226,816	246,295	3,831,684	2,038,147	175,733	202,183	3,293,470	1,668,914	655,162	12,688,990
State Apportionment	1,163,549	1,163,549	1,163,549	679,096	0	0	416,974	569,311	319,063	457,111	457,111	0	6,389,313
Other Revenues	1,487,048	263,157	496,691	1,237,866	793,842	656,625	335,783	948,877	635,661	809,902	796,180	1,728,938	10,190,571
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	3,000,000	0	0	0	0	0	0	0	0	0	0	0	3,000,000
Total Revenues	5,805,949	1,586,717	1,695,463	2,143,778	1,040,137	4,488,309	2,790,904	1,693,921	1,156,907	4,560,484	2,922,205	2,384,101	32,268,874
Disbursements													
Salaries/Benefits	701,109	1,551,795	1,901,669	1,940,243	2,006,006	1,974,828	1,978,909	2,011,852	1,973,668	2,064,519	2,064,519	1,342,375	21,511,491
Other Expenditures	603,733	343,993	490,471	554,426	267,915	437,101	606,942	343,866	468,191	763,244	472,387	763,244	6,115,512
Transfers Out	609,956	131,384	3,027	14,635	0	17	275,253	33,800	1,659	37,485	37,485	37,485	1,182,185
TRAN Related Expenditures	0	0	0	0	0	0	1,552,354	0	0	1,552,354	0	0	3,104,708
Total Expenditures	1,914,798	2,027,172	2,395,166	2,509,304	2,273,921	2,411,946	4,413,458	2,389,518	2,443,517	4,417,602	2,574,391	2,143,104	31,913,896
Ending Cash Balance	4,723,550	4,283,095	3,583,392	3,217,866	1,984,082	4,060,445	2,437,891	1,742,294	455,684	598,566	946,380	1,187,377	1,187,377

2009-2010 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	1,187,377	6,154,207	5,696,528	5,058,426	4,688,593	3,454,809	5,531,172	2,956,723	2,216,974	886,212	79,796	275,935	1,187,377
Receipts													
Property Taxes	155,351	160,011	35,224	226,816	246,295	3,831,684	2,038,147	175,733	202,183	3,293,470	1,668,914	655,162	12,688,990
State Apportionment	(406,012)	1,099,269	1,046,676	439,507	0	0	370,225	525,159	274,911	412,959	412,959	0	4,175,653
Other Revenues	2,217,288	310,213	675,164	1,473,148	793,842	656,625	335,783	948,877	635,661	809,902	688,657	1,535,129	11,080,291
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	63,669	63,669
TRAN Related Revenues	4,915,000	0	0	0	0	0	0	0	0	0	0	0	4,915,000
Total Revenues	6,881,628	1,569,493	1,757,064	2,139,471	1,040,137	4,488,309	2,744,155	1,649,769	1,112,755	4,516,332	2,770,530	2,253,961	32,923,603
Disbursements													
Salaries/Benefits	701,109	1,551,795	1,901,669	1,940,243	2,006,006	1,974,828	2,226,639	2,011,852	1,973,668	1,981,942	2,073,693	1,351,549	21,694,993
Other Expenditures	603,733	343,993	490,471	554,426	267,915	437,101	634,465	343,866	468,191	845,821	463,213	754,070	6,207,263
Transfers Out	609,956	131,384	3,027	14,635	0	17	0	33,800	1,659	37,485	37,485	37,485	906,932
TRAN Related Expenditures	0	0	0	0	0	0	2,457,500	0	0	2,457,500	0	0	4,915,000
Total Expenditures	1,914,798	2,027,172	2,395,166	2,509,304	2,273,921	2,411,946	5,318,604	2,389,518	2,443,517	5,322,748	2,574,391	2,143,104	33,724,188
Ending Cash Balance	6,154,207	5,696,528	5,058,426	4,688,593	3,454,809	5,531,172	2,956,723	2,216,974	886,212	79,796	275,935	386,792	386,792

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/08	Projected Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10
Special Revenue	Mandate funds received in prior years	787,018	500,000	0
Special Revenue	Funds for the CAPO agreement	981,383	1,266,641	1,470,972
Capital Projects	Developer Fees collected	56,211	1,000	0
Total		1,824,612	1,767,641	1,470,972

National School District

2008-2009 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	5,256,401	6,486,501	7,593,823	7,420,288	6,982,495	4,834,651	6,485,756	5,986,858	6,637,389	5,636,122	5,508,753	4,478,151	5,256,401
Receipts													
Property Taxes	92,700	92,763	24,201	76,412	126,274	1,308,482	645,471	169,468	108,942	1,233,646	411,654	185,763	4,475,776
State Apportionment	251,914	3,358,859	3,666,755	1,248,492	2,006,122	2,006,122	2,006,122	2,038,655	1,700,655	1,869,655	1,869,655	0	22,023,006
Other Revenues	3,142,262	903,045	712,965	3,439,530	874,350	2,533,516	1,431,299	2,930,433	1,874,643	1,454,837	1,373,596	2,417,004	23,087,480
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenues	3,486,875	4,354,667	4,403,921	4,764,433	3,006,746	5,848,121	4,082,892	5,138,556	3,684,240	4,558,138	3,654,905	2,602,767	49,586,262
Disbursements													
Salaries/Benefits	1,531,349	2,849,338	3,658,650	3,768,035	3,821,412	3,725,353	3,714,620	3,701,688	3,801,127	3,801,127	3,801,127	3,801,127	41,974,952
Other Expenditures	500,447	395,722	619,938	1,421,268	1,320,441	431,281	849,696	743,714	850,000	850,000	850,000	850,000	9,682,507
Transfers Out	224,980	2,285	298,869	12,923	12,737	40,381	17,474	42,625	34,380	34,380	34,380	34,380	789,794
TRAN Related Expenditures	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	2,256,776	3,247,344	4,577,457	5,202,226	5,154,590	4,197,015	4,581,790	4,488,026	4,685,507	4,685,507	4,685,507	4,685,507	52,447,253
Ending Cash Balance	6,486,501	7,593,823	7,420,288	6,982,495	4,834,651	6,485,756	5,986,858	6,637,389	5,636,122	5,508,753	4,478,151	2,395,410	2,395,410

2009-2010 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	2,395,410	6,675,453	5,611,514	4,429,362	8,076,108	6,302,718	8,028,276	6,471,129	6,934,282	6,079,094	4,804,100	3,303,868	2,395,410
Receipts													
Property Taxes	92,700	92,763	24,201	76,412	126,274	1,308,482	645,471	169,468	108,942	1,233,646	411,654	185,763	4,475,776
State Apportionment	(703,116)	1,296,207	1,941,679	4,431,748	1,941,679	1,941,679	1,941,679	1,698,970	1,698,970	1,698,970	1,698,970	0	19,587,435
Other Revenues	6,007,235	1,169,436	1,579,425	3,590,813	863,246	2,522,412	1,407,493	2,932,741	1,878,656	1,454,147	930,901	737,679	25,074,184
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	964,368	964,368
TRAN Related Revenues	2,240,000	0	0	0	0	0	0	0	0	0	0	0	2,240,000
Total Revenues	7,636,819	2,558,406	3,545,305	8,098,972	2,931,199	5,772,574	3,994,643	4,801,179	3,686,569	4,386,763	3,041,525	1,887,810	52,341,763
Disbursements													
Salaries/Benefits	2,331,349	2,924,338	3,508,650	3,618,035	3,671,412	3,575,353	3,564,620	3,551,688	3,657,377	3,657,377	3,657,377	3,657,377	41,374,952
Other Expenditures	800,447	695,722	919,938	821,268	1,020,441	431,281	849,696	743,714	850,000	850,000	850,000	850,000	9,682,507
Transfers Out	224,980	2,285	298,869	12,923	12,737	40,381	17,474	42,625	34,380	34,380	34,380	454,300	1,209,714
TRAN Related Expenditures	0	0	0	0	0	0	1,120,000	0	0	1,120,000	0	0	2,240,000
Total Expenditures	3,356,776	3,622,344	4,727,457	4,452,226	4,704,590	4,047,015	5,551,790	4,338,026	4,541,757	5,661,757	4,541,757	4,961,677	54,507,173
Ending Cash Balance	6,675,453	5,611,514	4,429,362	8,076,108	6,302,718	8,028,276	6,471,129	6,934,282	6,079,094	4,804,100	3,303,868	230,000	230,000

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/08	Projected Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10
Special Revenue	Child development Fund	536,335	373,397	206,771
Enterprise	Cafeteria Fund	153,018	509,808	282,309
Internal Service	Deferred Maintenance	136,314	19,000	10,521
Capital Projects	Developer Fees	153,331	198,440	109,887
Capital Projects	Capital Facility Funds - Redevelopment	39,255	71,242	39,451
Capital Projects	Modernization Fund	219,008	0	0
Capital Projects	Board Desig Spec. Reserve/Cap. Projects	385,444	564,343	312,508
Total		1,622,705	1,736,229	961,447

Oceanside Unified School District

2008-2009 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	13,585,435	21,939,776	17,714,745	11,048,120	10,695,849	4,763,724	16,329,305	13,391,688	10,022,797	10,596,950	11,588,479	12,270,853	13,585,435
Receipts													
Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
State Apportionment	390,520	9,242,356	9,139,901	4,229,089	6,358,718	19,100,148	8,332,067	6,020,392	4,830,979	13,826,365	9,331,482	11,486,339	102,288,357
Other Revenues	9,215,445	1,597,554	1,350,785	9,872,410	2,655,370	8,233,172	2,935,872	5,065,147	5,487,883	6,392,671	7,958,478	2,302,825	63,067,611
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAN Related Revenues	6,000,000	0	0	0	0	0	0	0	0	0	0	0	6,000,000
Total Revenues	15,605,965	10,839,910	10,490,686	14,101,500	9,014,088	27,333,320	11,267,939	11,085,539	10,318,862	20,219,036	17,289,959	13,789,164	171,355,967
Disbursements													
Salaries/Benefits	2,874,652	11,548,645	15,169,688	11,520,699	13,314,285	14,445,189	13,083,375	13,179,835	13,122,129	13,052,962	13,254,575	14,262,923	148,828,957
Other Expenditures	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers Out	4,376,971	3,516,296	1,987,622	2,933,073	1,631,927	1,322,550	1,122,181	1,274,596	(3,377,419)	6,174,546	3,353,010	(1,289,768)	23,025,584
TRAN Related Expenditures	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	7,251,623	15,064,941	17,157,310	14,453,771	14,946,212	15,767,739	14,205,556	14,454,430	9,744,709	19,227,508	16,607,585	12,973,155	171,854,541
Ending Cash Balance	21,939,776	17,714,745	11,048,120	10,695,849	4,763,724	16,329,305	13,391,688	10,022,797	10,596,950	11,588,479	12,270,853	13,086,861	13,086,861

2009-2010 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	13,086,861	31,503,081	21,296,303	14,984,732	18,975,950	11,919,023	24,789,510	22,393,563	15,708,016	15,456,674	14,024,305	13,396,463	13,086,861
Receipts													
Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
State Apportionment	390,520	3,898,523	5,436,362	9,239,741	5,958,623	19,940,962	15,385,963	4,403,703	4,577,355	17,509,145	8,250,604	13,290,497	108,282,000
Other Revenues	11,887,238	1,176,767	3,784,864	8,898,812	2,432,953	7,976,240	2,874,164	3,472,021	5,101,361	7,464,721	8,000,027	(7,461,344)	55,607,825
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	554,725	554,725
TRAN Related Revenues	12,920,000	0	0	0	0	0	0	0	0	0	0	0	12,920,000
Total Revenues	25,197,758	5,075,290	9,221,225	18,138,553	8,391,576	27,917,203	18,260,127	7,875,724	9,678,716	24,973,866	16,250,632	6,383,878	177,364,550
Disbursements													
Salaries/Benefits	2,776,151	12,064,091	14,394,215	11,527,009	13,786,927	13,639,115	12,670,729	13,199,935	13,055,015	13,129,747	12,820,893	13,890,029	146,953,856
Other Expenditures	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers Out	4,005,387	3,217,977	1,138,581	2,620,326	1,661,577	1,407,600	1,525,345	1,361,336	(3,124,956)	6,816,488	4,057,581	(1,401,688)	23,285,554
TRAN Related Expenditures	0	0	0	0	0	0	6,460,000	0	0	6,460,000	0	0	12,920,000
Total Expenditures	6,781,538	15,282,068	15,532,796	14,147,335	15,448,503	15,046,716	20,656,075	14,561,271	9,930,059	26,406,235	16,878,474	12,488,341	183,159,411
Ending Cash Balance	31,503,081	21,296,303	14,984,732	18,975,950	11,919,023	24,789,510	22,393,563	15,708,016	15,456,674	14,024,305	13,396,463	7,292,000	7,292,000

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/08	Projected Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10
Special Revenue	Deferred Maintenance	3,131,609	2,224,000	1,558,774
Capital Projects	Developer Fees/Temporary Facilities	3,299,918	4,064,110	3,674,611
Total		6,431,527	6,288,110	5,233,385

Poway Unified School District

2008-2009 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	10,113,386	30,684,893	29,561,596	19,148,463	17,342,907	6,927,356	31,342,285	23,427,855	14,042,285	5,234,135	7,682,326	1,637,621	10,113,386
Receipts													
Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
State Apportionment	2,718,326	11,930,763	11,470,391	5,564,381	9,229,351	40,076,137	21,126,589	9,174,150	6,314,659	34,049,153	13,033,387	5,842,825	170,530,115
Other Revenues	9,010,047	2,784,120	863,720	17,627,223	3,934,426	7,387,930	10,341,461	4,561,119	5,342,428	8,537,387	5,963,255	26,190,326	102,543,442
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	(8,000,000)	(8,000,000)
TRAN Related Revenues	18,000,000	0	0	0	0	0	0	0	0	0	0	0	18,000,000
Total Revenues	29,728,373	14,714,883	12,334,111	23,191,604	13,163,778	47,464,067	31,468,050	13,735,269	11,657,087	42,586,540	18,996,643	24,033,152	283,073,557
Disbursements													
Salaries/Benefits	4,082,831	13,382,737	21,069,026	21,318,685	20,995,878	20,926,894	21,060,576	21,069,613	21,093,142	21,236,554	21,236,554	19,930,519	227,403,011
Other Expenditures	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers Out	5,074,035	2,455,444	1,678,217	3,678,474	2,583,450	2,122,244	9,321,904	2,051,226	(627,905)	9,901,795	3,804,794	3,199,116	45,242,794
TRAN Related Expenditures	0	0	0	0	0	0	9,000,000	0	0	9,000,000	0	0	18,000,000
Total Expenditures	9,156,866	15,838,181	22,747,243	24,997,160	23,579,329	23,049,138	39,382,480	23,120,839	20,465,238	40,138,349	25,041,348	23,129,635	290,645,805
Ending Cash Balance	30,684,893	29,561,596	19,148,463	17,342,907	6,927,356	31,342,285	23,427,855	14,042,285	5,234,135	7,682,326	1,637,621	2,541,138	2,541,138

2009-2010 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	2,541,138	32,852,978	26,831,820	8,254,301	13,051,894	3,713,436	28,787,229	20,097,802	10,566,475	847,840	4,468,104	(2,540,537)	2,541,138
Receipts													
Property Taxes	1,899,821	1,810,336	423,795	1,741,257	3,125,510	33,973,984	15,057,324	2,416,311	2,511,178	30,775,157	9,759,391	5,006,282	108,500,346
State Apportionment	(6,345,149)	3,349,748	5,091,578	11,670,404	5,091,578	5,091,578	5,091,578	4,455,130	4,455,130	4,455,130	4,455,130	0	46,861,835
Other Revenues	19,882,458	3,853,036	4,513,254	15,123,044	4,835,206	7,895,515	7,911,315	5,552,604	5,748,691	4,790,048	2,555,911	1,371,926	84,033,008
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	20,486,054	20,486,054
TRAN Related Revenues	23,570,000	0	0	0	0	0	0	0	0	0	0	0	23,570,000
Total Revenues	39,007,130	9,013,120	10,028,627	28,534,705	13,052,294	46,961,077	28,060,217	12,424,045	12,714,999	40,020,335	16,770,432	26,864,262	283,451,243
Disbursements													
Salaries/Benefits	3,621,255	12,584,372	19,922,391	20,058,638	19,807,301	19,765,041	19,075,398	19,904,146	20,061,539	19,213,275	19,974,279	18,764,609	212,752,244
Other Expenditures	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers Out	5,074,035	2,449,906	8,683,755	3,678,474	2,583,450	2,122,244	5,889,246	2,051,226	2,372,095	5,401,795	3,804,794	3,199,116	47,310,136
TRAN Related Expenditures	0	0	0	0	0	0	11,785,000	0	0	11,785,000	0	0	23,570,000
Total Expenditures	8,695,290	15,034,278	28,606,146	23,737,112	22,390,751	21,887,285	36,749,644	21,955,372	22,433,634	36,400,070	23,779,073	21,963,725	283,632,380
Ending Cash Balance	32,852,978	26,831,820	8,254,301	13,051,894	3,713,436	28,787,229	20,097,802	10,566,475	847,840	4,468,104	(2,540,537)	2,360,000	2,360,000

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/08	Projected Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10
Special Revenue	Adult Education (11-00)	518,179	117,446	0
Special Revenue	Child Development Fund (12-07)	33,436	44,758	4,497
Special Revenue	Child Nutrition Services Fund (13-00)	2,734,943	1,509,207	168,628
Special Revenue	Deferred Maintenance Fund (14-00)	3,171,140	3,764,872	544,903
Capital Projects	Building Fund (Prop 39) (21-39)	48,223,757	25,137,220	749,549
Capital Projects	Capital Facilities (AB2068) Fund (25-19)	927,832	1,396,443	149,910
Capital Projects	Special Reserve Fund (40-00)	8,136,205	4,830,531	496,044
Capital Projects	State School Facilities Fund (35-00)	3,192,560	30,679,875	1,499,099
Total		66,938,052	67,480,352	3,612,631

San Ysidro School District

2008-2009 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	1,752,029	5,928,932	5,942,943	5,015,744	3,668,420	1,078,919	4,709,604	2,761,955	1,654,627	1,340,291	1,958,224	1,866,109	1,752,029
Receipts													
Property Taxes	236,970	239,341	57,275	251,201	377,454	4,050,534	1,826,510	885,536	331,546	3,751,809	1,761,473	769,344	14,538,994
State Apportionment	136,996	1,826,611	1,994,050	679,170	1,091,018	1,091,018	1,091,018	861,146	532,012	716,847	716,847	0	10,736,733
Other Revenues	1,679,962	1,261,928	1,212,977	2,689,016	755,159	2,221,151	1,567,996	1,086,908	2,895,386	2,045,786	1,256,267	2,280,398	20,952,933
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	600,000	600,000
TRAN Related Revenues	4,000,000	0	0	0	0	0	0	0	0	0	0	0	4,000,000
Total Revenues	6,053,928	3,327,879	3,264,302	3,619,387	2,223,632	7,362,703	4,485,525	2,833,590	3,758,944	6,514,441	3,734,587	3,649,742	50,828,660
Disbursements													
Salaries/Benefits	1,173,644	2,638,670	3,217,482	3,321,129	3,685,944	3,137,105	3,202,675	3,392,138	3,128,355	3,300,000	3,300,000	3,300,000	36,797,141
Other Expenditures	482,756	673,102	974,020	1,598,508	689,686	581,162	903,790	327,080	403,719	500,000	500,000	500,000	8,133,823
Transfers Out	220,624	2,097	0	47,073	437,502	13,751	326,709	221,700	541,206	96,508	26,702	26,702	1,960,576
TRAN Related Expenditures	0	0	0	0	0	0	2,000,000	0	0	2,000,000	0	0	4,000,000
Total Expenditures	1,877,025	3,313,868	4,191,502	4,966,711	4,813,132	3,732,018	6,433,174	3,940,918	4,073,280	5,896,508	3,826,702	3,826,702	50,891,540
Ending Cash Balance	5,928,932	5,942,943	5,015,744	3,668,420	1,078,919	4,709,604	2,761,955	1,654,627	1,340,291	1,958,224	1,866,109	1,689,148	1,689,148

2009-2010 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	1,689,148	4,900,455	3,082,282	1,391,354	1,877,684	684,693	4,139,325	3,312,700	2,200,235	1,361,985	2,574,331	2,175,697	1,689,148
Receipts													
Property Taxes	236,970	239,341	57,275	251,201	377,454	4,050,534	1,826,510	885,536	19,211	3,686,201	1,176,999	294,126	13,101,359
State Apportionment	(816,780)	578,071	874,360	2,001,292	874,360	874,360	874,360	765,066	765,066	765,066	765,066	0	8,320,287
Other Revenues	3,078,141	978,649	1,290,493	2,818,455	1,621,419	2,063,687	1,867,233	724,749	1,958,188	1,636,794	1,240,015	1,073,122	20,350,944
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	278,382	278,382
TRAN Related Revenues	2,590,000	0	0	0	0	0	0	0	0	0	0	0	2,590,000
Total Revenues	5,088,332	1,796,061	2,222,128	5,070,948	2,873,233	6,988,581	4,568,103	2,375,351	2,742,465	6,088,061	3,182,080	1,645,630	44,640,972
Disbursements													
Salaries/Benefits	1,173,644	2,939,036	2,939,036	2,939,036	2,939,036	2,939,036	2,939,036	2,939,036	2,939,036	2,939,036	2,939,036	2,939,036	33,503,038
Other Expenditures	482,756	673,102	974,020	1,598,508	689,686	581,162	903,790	327,080	600,000	600,000	600,000	600,000	8,630,104
Transfers Out	220,624	2,097	0	47,073	437,502	13,751	256,903	221,700	41,679	41,679	41,679	41,679	1,366,367
TRAN Related Expenditures	0	0	0	0	0	0	1,295,000	0	0	1,295,000	0	0	2,590,000
Total Expenditures	1,877,025	3,614,234	3,913,056	4,584,617	4,066,224	3,533,949	5,394,729	3,487,816	3,580,715	4,875,715	3,580,715	3,580,715	46,089,508
Ending Cash Balance	4,900,455	3,082,282	1,391,354	1,877,684	684,693	4,139,325	3,312,700	2,200,235	1,361,985	2,574,331	2,175,697	240,612	240,612

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/08	Projected Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10
General	Fund 17 Special Reserve	2,234,673	2,321,566	2,093,184
Total		2,234,673	2,321,566	2,093,184

Santee School District

2008-2009 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	366,317	6,092,205	8,627,943	4,728,148	3,828,651	3,525,731	5,581,507	398,172	2,218,055	1,830,033	8,736,549	4,968,477	366,317
Receipts													
Property Taxes	175,881	269,428	52,745	84,695	304,183	3,249,250	1,466,547	135,966	237,498	2,740,650	952,299	883,665	10,552,807
State Apportionment	219,606	2,928,074	3,196,481	1,088,980	1,748,974	1,748,974	1,748,974	1,783,586	1,318,760	1,596,307	1,596,307	0	18,975,023
Other Revenues	2,929,130	4,375,232	2,031,159	3,639,061	3,928,843	1,443,459	788,720	4,345,644	2,599,945	3,439,624	994,388	2,226,216	32,741,422
Interfund Transfer	0	0	0	0	0	0	0	0	0	7,723,849	0	0	7,723,849
TRAN Related Revenues	5,000,000	0	0	0	0	0	0	0	0	0	0	0	5,000,000
Total Revenues	8,324,617	7,572,734	5,280,385	4,812,735	5,982,001	6,441,684	4,004,241	6,265,196	4,156,203	15,500,430	3,542,994	3,109,881	74,993,101
Disbursements													
Salaries/Benefits	1,376,996	2,072,052	3,764,225	4,048,650	4,002,670	3,911,995	3,970,815	3,995,688	3,904,414	3,851,565	4,055,997	4,055,997	43,011,063
Other Expenditures	720,564	457,390	632,350	798,687	199,530	361,846	874,793	417,218	290,608	282,012	456,073	456,073	5,947,144
Transfers Out	501,171	2,507,554	4,783,606	864,895	2,082,720	112,067	1,841,969	32,407	349,202	1,960,337	2,798,996	1,001,587	18,836,511
TRAN Related Expenditures	0	0	0	0	0	0	2,500,000	0	0	2,500,000	0	0	5,000,000
Total Expenditures	2,598,730	5,036,995	9,180,180	5,712,232	6,284,920	4,385,907	9,187,577	4,445,313	4,544,224	8,593,914	7,311,066	5,513,658	72,794,717
Ending Cash Balance	6,092,205	8,627,943	4,728,148	3,828,651	3,525,731	5,581,507	398,172	2,218,055	1,830,033	8,736,549	4,968,477	2,564,701	2,564,701

2009-2010 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	2,564,701	5,580,177	5,171,557	3,060,899	4,878,991	3,216,351	5,246,862	3,260,843	3,100,218	1,440,955	2,357,945	1,163,261	2,564,701
Receipts													
Property Taxes	175,881	269,428	52,745	84,695	304,183	3,249,250	1,466,547	135,966	237,498	2,740,650	952,299	883,665	10,552,807
State Apportionment	(951,515)	1,359,694	1,648,113	3,502,240	1,648,113	1,648,113	1,648,113	1,442,099	1,442,099	1,442,099	1,442,099	0	16,271,264
Other Revenues	5,154,947	499,253	630,603	3,038,592	688,764	1,427,055	786,898	2,706,623	1,152,957	2,287,818	922,988	659,624	19,956,125
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	2,479,442	2,479,442
TRAN Related Revenues	2,840,000	0	0	0	0	0	0	0	0	0	0	0	2,840,000
Total Revenues	7,219,313	2,128,375	2,331,461	6,625,527	2,641,060	6,324,418	3,901,558	4,284,689	2,832,554	6,470,567	3,317,386	4,022,731	52,099,638
Disbursements													
Salaries/Benefits	1,376,996	2,072,052	3,764,225	4,048,650	4,002,670	3,911,995	3,970,815	3,995,688	3,904,414	3,851,565	4,055,997	4,055,997	43,011,063
Other Expenditures	632,350	457,390	632,350	456,073	199,530	361,846	474,793	417,218	290,608	282,012	456,073	456,073	5,116,316
Transfers Out	2,194,491	7,554	45,543	302,712	101,500	20,067	21,969	32,407	296,795	0	0	117,922	3,140,961
TRAN Related Expenditures	0	0	0	0	0	0	1,420,000	0	0	1,420,000	0	0	2,840,000
Total Expenditures	4,203,837	2,536,995	4,442,118	4,807,435	4,303,701	4,293,907	5,887,577	4,445,313	4,491,817	5,553,577	4,512,070	4,629,992	54,108,340
Ending Cash Balance	5,580,177	5,171,557	3,060,899	4,878,991	3,216,351	5,246,862	3,260,843	3,100,218	1,440,955	2,357,945	1,163,261	556,000	556,000

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/08	Projected Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10
Other	Special Reserve Other the Capital Proj	2,762,361	2,000,000	609,951
Other	State School Facilities Fund	0	2,046,859	478,024
Total		2,762,361	4,046,859	1,087,975

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APPENDIX D

2009-10 CASH FLOW PROJECTIONS OF THE COUNTY

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As of April 28, 2009

COUNTY OF SAN DIEGO
GENERAL FUND MONTHLY CASH FLOW SUMMARY
FISCAL YEAR 2008/2009 ACTUAL-ESTIMATED

(in thousands)

	Jul Actual	Aug Actual	Sep Actual	Oct Actual	Nov Actual	Dec Actual	Jan Actual	Feb Actual	Mar Actual	Apr Actual	May Estimate	Jun Estimate	Total
1 Beginning Cash Balance	612,419												612,419
Revenue Categories:													
2 Taxes Current Property	18	7,264	1,564	7,204	13,254	185,681	68,229	10,248	11,013	165,736	28,746	15,305	514,262
3 Taxes Other Than Current Secured	2,228	7,892	7,528	17,406	7,475	15,042	172,717	7,186	5,780	5,939	157,139	17,045	423,377
Licenses, Permits & Franchises	2,508	2,289	3,243	2,304	1,876	3,670	3,054	2,331	2,545	8,173	3,284	2,781	38,058
Fines, Forfeitures & Penalties	1,033	2,375	1,624	5,775	1,968	1,715	3,736	3,197	3,404	2,922	10,980	12,162	50,891
Revenue Use - Money & Property	3,385	8,450	868	1,119	4,101	845	3,370	710	905	3,811	1,251	653	29,469
Intergovernmental Revenue	71,397	83,481	134,628	174,578	65,586	136,786	164,049	87,322	96,576	163,695	153,266	203,094	1,534,460
Charges for Current Services	38,260	17,462	19,605	23,006	14,122	22,936	28,818	21,596	24,529	33,492	22,354	20,028	286,208
Miscellaneous Revenue	3,609	1,604	2,001	1,613	878	1,962	27,149	2,502	4,754	1,432	8,228	2,983	58,716
Other Financing Sources	21,892	232	47,530	17,943	21,412	239	39,593	14,660	27,647	14,570	16,793	8,323	230,834
Total Revenues	144,331	131,050	218,591	250,949	130,672	368,875	510,716	149,753	177,152	399,770	402,041	282,374	3,166,275
4 Teeter Receipts	18,134	9,292	11,872	12,658	9,091	16,347	9,336	5,195	4,839	3,509	2,837	3,264	106,374
Short Term Borrowing (TRANs)	75,000												75,000
Total Receipts	237,465	140,342	230,463	263,607	139,763	385,222	520,052	154,948	181,991	403,279	404,879	285,638	3,347,649
Expenditure Categories:													
5 Salaries & Employee Benefits	451,824	124,543	92,935	135,646	88,990	82,264	82,545	82,034	82,120	83,468	127,555	87,902	1,521,825
Services and Supplies	78,274	83,375	82,061	82,575	68,155	68,633	73,121	75,047	73,779	78,162	91,756	131,528	986,465
Other Charges	79,615	44,327	47,685	42,410	30,572	73,900	39,729	37,103	47,569	51,542	39,199	36,694	570,345
Fixed Assets - Equipment	1,358	608	579	1,469	1,122	816	1,397	148	631	795	1,055	1,898	11,874
Operating Transfers	21,038	1,384	14,270	5,116	5,731	18,247	6,294	68,739	8,002	4,793	4,335	15,409	173,358
6 Total Expenditures	632,108	254,237	237,530	267,216	194,569	243,859	203,085	263,071	212,102	218,760	263,900	273,431	3,263,868
Teeter Disbursements												152,000	152,000
Short-Term Borrowing (TRANs)							60,000	15,000					75,000
Total Disbursements	632,108	254,237	237,530	267,216	194,569	243,859	263,085	278,071	212,102	218,760	263,900	425,431	3,490,868
Month End Cash Balance	217,776	103,880	96,813	93,204	38,398	179,761	436,729	313,605	283,495	468,014	608,993	469,199	469,199
Tobacco Tax Settlement	7,923	8,130	8,130	8,130	8,195	8,195	8,252	8,252	8,252	8,300	8,300	8,300	8,300
	217,776	103,880	96,813	93,204	38,398	179,761	436,729	313,605	283,495	468,014	608,993	469,199	477,499

Footnotes:

1 Estimated Beginning Cash Balance includes Tobacco Settlement Trust of $7.9 M. The Tobacco Settlement Trust fund represents amounts that are available to the General Fund, however, to facilitate tracking of these balances, they are maintained in a separate fund.

2 Property tax payments are received in Dec and April. The County participates in the alternative method of secured property tax apportionment (the TEETER Plan) available under the Revenue and Taxation Code of the State of California.

3 VLF- in- lieu payments are apportioned each Jan and May.

4 Teeter cash receipts of $75 M are reflected in the General Fund because the County will continue to internally fund the Teeter Plan.

5 July includes $261.5 M Retirement Advance, $86.1 M Pension Obligation Bond payments and $20.8 M OPEB. October and May have 3 pay periods. The third pay period does not include health benefits. September includes two Quality First payments, Oct includes

6 Teeter buy-out in June is based on an increase in AV growth and increase in delinquencies.

COUNTY OF SAN DIEGO
GENERAL FUND MONTHLY CASH FLOW SUMMARY
FISCAL YEAR 2009/2010 ESTIMATED

(in thousands)

	Jul Estimate	Aug Estimate	Sep Estimate	Oct Estimate	Nov Estimate	Dec Estimate	Jan Estimate	Feb Estimate	Mar Estimate	Apr Estimate	May Estimate	Jun Estimate	Total
1 Beginning Cash Balance	477,499												477,499
Revenue Categories:													
2 Taxes Current Property	983	6,048	1,510	6,955	12,795	179,259	65,870	9,894	10,632	150,223	37,339	14,775	496,283
3 Taxes Other Than Current Secured	2,138	7,574	7,224	16,704	7,174	14,435	165,747	6,896	5,547	7,490	150,797	12,744	404,469
Licenses, Permits & Franchises	2,572	2,347	3,325	2,362	1,923	3,763	3,131	2,390	2,609	8,075	3,367	2,852	38,716
Fines, Forfeitures & Penalties	1,176	2,703	1,848	6,572	2,240	1,951	4,252	3,639	3,873	7,830	7,316	8,695	52,096
Revenue Use - Money & Property	2,118	5,289	544	701	2,567	529	2,110	445	1,192	713	783	409	17,399
Intergovernmental Revenue	84,624	98,946	159,567	189,140	95,515	162,126	194,438	103,498	114,467	160,128	211,290	285,756	1,859,494
Charges for Current Services	33,566	15,320	17,200	20,184	12,390	20,122	25,283	18,947	21,520	17,879	31,086	37,094	270,593
Miscellaneous Revenue	2,235	993	1,239	999	544	1,215	3,808	1,550	2,944	1,408	5,096	1,848	23,879
Other Financing Sources	23,603	27,204	21,057	22,580	23,085	21,820	21,124	15,805	20,885	11,998	14,782	24,930	248,873
Total Revenues	153,016	166,423	213,514	266,196	158,232	405,220	485,764	163,063	183,670	365,744	461,857	389,103	3,411,803
4 Teeter Receipts	17,019	8,721	11,142	11,880	8,532	15,342	8,762	4,876	4,542	3,458	2,663	3,064	100,000
Short Term Borrowing (Trans)	220,000												220,000
Total Receipts	390,035	175,144	224,656	278,076	166,764	420,562	494,526	167,939	188,211	369,202	464,520	392,167	3,731,803
Expenditure Categories:													
5 Salaries & Employee Benefits	519,196	86,542	86,542	123,762	86,542	86,542	86,542	86,542	86,542	123,762	86,542	86,542	1,545,599
Services and Supplies	77,093	83,396	82,924	104,006	91,291	97,452	113,750	102,182	93,345	92,388	138,050	169,908	1,245,784
6 Other Charges	98,178	46,924	49,818	45,701	32,648	77,221	41,249	42,947	49,998	42,279	41,820	40,301	609,082
Fixed Assets - Equipment	690	161	113	55	279	357	146	262	1,041	359	146	262	3,871
Operating Transfers	6,585	6,449	6,743	6,421	6,364	6,364	5,687	7,011	3,288	3,288	7,288	7,288	72,772
Total Expenditures	701,742	223,471	226,139	279,945	217,123	267,936	247,374	238,944	234,213	262,076	273,845	304,301	3,477,108
7 Teeter Disbursements												152,000	152,000
Short-Term Borrowing (Trans)							132,000			88,000			220,000
Total Disbursements	701,742	223,471	226,139	279,945	217,123	267,936	379,374	238,944	234,213	350,076	273,845	456,301	3,849,108
Month End Cash Balance	165,793	117,466	115,984	114,114	63,755	216,382	331,534	260,529	214,527	233,654	424,328	360,195	360,195

Footnotes:

1 Estimated Beginning Cash Balance includes Tobacco Settlement Trust of $8.3 M. The Tobacco Settlement Trust fund represents amounts that are available to the General Fund, however, to facilitate tracking of these balances, they are maintained in a separate fund.

2 Property tax payments are received in Dec and April. The County participates in the alternative method of secured property tax apportionment (the TEETER Plan) available under the Revenue and Taxation Code of the State of California.

3 VLF- in- lieu payments are apportioned each Jan and May.

4 Teeter cash receipts of $100 M are reflected in the General Fund because the County will continue to internally fund the Teeter Plan.

5 July includes $239M Retirement Advance, $20M in OPEB, $86M annual POB payment and an additional $88M POB pay down. October and April have 3 pay periods. The third pay period does not include health benefits.

6 July includes $46.5M COPS annual lease payment

7 Teeter buy-out in June is based on changes in Assessed Value and delinquencies.

APPENDIX E

SCHEDULE OF PLEDGED REVENUE DEPOSITS

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Schedule of Pledged Revenue Deposits

Participant	Note Amount	Term Months	First Repayment Pledge Month: Month	Percent	$ Amount*	Subsequent Repayment Pledge Month(s): Month	Percent	$ Amount*
County of San Diego	$ 220,000,000	12	January	60%	$ 134,632,667	April	40%	$ 89,755,111
Bonsall Union School District	$ 805,000	12	January	50%	$ 410,528	April	50%	$ 410,528
Cardiff School District	1,490,000	12	January	50%	759,859	April	50%	759,859
Carlsbad Unified School District	8,700,000	12	January	50%	4,436,758	April	50%	4,436,758
Chula Vista Elementary School District	13,770,000	12	January	50%	7,022,318	April	50%	7,022,318
Del Mar Union School District	3,920,000	12	January	50%	1,999,091	April	50%	1,999,091
Encinitas Union School District	2,840,000	12	January	50%	1,448,321	April	50%	1,448,321
Escondido Union School District	5,000,000	12	January	50%	2,549,861	April	50%	2,549,861
Fallbrook Union High School District	4,915,000	12	January	50%	2,506,513	April	50%	2,506,513
La Mesa-Spring Valley School District	6,980,000	12	January	50%	3,559,606	April	50%	3,559,606
National School District	2,240,000	12	January	50%	1,142,338	April	50%	1,142,338
Oceanside Unified School District	12,920,000	12	January	50%	6,588,841	April	50%	6,588,841
Poway Unified School District	23,570,000	12	January	50%	12,020,045	April	50%	12,020,045
Ramona Unified School District	1,910,000	12	January	50%	974,047	April	50%	974,047
San Dieguito Union High School Distric	13,380,000	12	January	50%	6,823,428	April	50%	6,823,428
San Ysidro School District	2,590,000	12	January	50%	1,320,828	April	50%	1,320,828
Santee School District	2,840,000	12	January	50%	1,448,321	April	50%	1,448,321
Vista Unified School District	4,390,000	12	January	50%	2,238,778	April	50%	2,238,778

* Actual amounts deposited in the Payment Accounts may be reduced by the anticipated investment earnings to be received under an Investment Agreement through the Maturity Date of the Investment Agreement.

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APPENDIX F

FORM OF BOND COUNSEL APPROVING OPINION

[Date of Delivery]

Participants identified
in the Trust Agreements

County of San Diego and San Diego County School Districts
Tax and Revenue Anticipation Note Program, Note Participations
Series 2009A, Series 2009B-1 and Series 2009B-2
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the County of San Diego (the "County"), on behalf of itself and various school districts (the "Districts" and together with the County, the "Participants"), in connection with the execution and delivery of $220,000,000 aggregate principal amount of the County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program, Note Participations, Series 2009A, $63,185,000 aggregate principal amount of the County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program, Note Participations, Series 2009B-1, and $49,075,000 aggregate principal amount of the County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program, Note Participations, Series 2009B-2 (collectively, the "Note Participations"), evidencing and representing proportionate and undivided interests in (i) the tax and revenue anticipation notes (the "Notes") issued by the County on behalf of itself and various school districts identified in the Trust Agreements (as hereinafter defined) and identified in the Official Statement, dated June 16, 2009 (the "Official Statement"), relating to the Note Participations, and (ii) the debt service payments on the Notes to be made by the Participants. The Note Participations are issued pursuant to three separate trust agreements, each dated as of July 1, 2009, between Wells Fargo Bank National Association (the "Trustee") and the Participants which are a party to the respective trust agreements (the "Trust Agreements"). Each Note is issued pursuant to and by authority of a resolution of each respective Participant, each passed and adopted (collectively, the "Resolutions") under and by authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, and designated the respective Participant's "2009-2010 Tax and Revenue Anticipation Note."

In such connection, we have reviewed the Trust Agreements, the Resolutions, the Notes, opinions of counsel to the County and the Districts, the Trustee, certificates of the County and the Districts regarding tax and other matters (the "Certificates"), certificates of the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Note Participations has concluded with their execution and delivery, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Participants. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Trust Agreements and the Certificates, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest evidenced and represented by the Note Participations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Resolutions, the Notes, the Trust Agreements, the Certificates, and evidenced and represented by the Note Participations, and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities such as the Participants in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Notes or the Note Participations and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. Each Note constitutes the valid and binding obligation of the respective issuing Participant. The principal of and interest on each Note are payable from the Pledged Revenues (as that term is defined in the respective Resolution) of the issuing Participant and, to the extent not so paid, are payable from any other moneys of such Participant lawfully available therefor.

2. The Resolutions have been duly adopted by the Participants and each constitutes a valid and binding obligation of the respective Participant.

3. The Trust Agreements have been duly executed and delivered by, and constitutes the valid and binding obligations of, the respective Participants which are a party thereto.

4. The Note Participations, upon execution and delivery thereof by the Trustee, are entitled to the benefits of the Trust Agreements.

5. Interest on the Notes paid by the Participants and received by the registered owners of the Note Participations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Notes represented by the Note Participations and excluded from gross income may depend on the taxpayer's election under Internal Revenue Service Notice 94-84. Interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of such interest represented by, the Note Participations.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

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APPENDIX G

PARTICIPANT NOTE AMOUNTS AND COVERAGE ANALYSIS

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County of San Diego and San Diego County School Districts
Tax and Revenue Anticipation Note Program
Note Participations, Series 2009

Note Amounts and Coverage Analysis

Participant	Note Amount	2008-09 Act. / Est. Cash Receipts	Base Amounts (1) 2009-10 Projected Cash Receipts	Base Amounts (1) 2009-10 Ending Cash Balance	Base Amounts (1) 2009-10 Ending Alt. Cash	TRANS as % of 2009-10 Cash Receipts	Cash Coverage Factors (2) 2009-10 Projected Cash Receipts	Cash Coverage Factors (2) 2009-10 Ending Cash Balance	Cash Coverage Factors (2) 2009-10 & Alt. Cash
County of San Diego	$220,000,000	$3,347,648,772	$3,511,802,705	$140,194,512	$214,700,000	6.265%	16.96 x	1.64 x	2.61 x
Bonsall Union School District	805,000	15,002,407	14,749,669	409,546	795,627	5.458%	19.32 x	1.51 x	2.50 x
Cardiff School District	1,490,000	8,463,221	7,228,403	219,478	250,000	20.613%	5.85 x	1.15 x	1.32 x
Carlsbad Unified School District	8,700,000	79,618,106	82,263,508	5,890,342	2,800,000	10.576%	10.46 x	1.68 x	2.00 x
Chula Vista Elementary School District	13,770,000	208,029,456	212,100,258	13,705,526	9,860,687	6.492%	16.40 x	2.00 x	2.71 x
Del Mar Union School District	3,920,000	37,507,716	38,002,198	4,419,993	1,354,000	10.315%	10.69 x	2.13 x	2.47 x
Encinitas Union School District	2,840,000	48,354,823	51,990,710	6,579,600	7,361,046	5.463%	19.31 x	3.32 x	5.91 x
Escondido Union School District	5,000,000	149,084,463	135,947,548	500,000	5,548,901	3.678%	28.19 x	1.10 x	2.21 x
Fallbrook Union High School District	4,915,000	29,268,874	28,008,603	491,500	1,470,972	17.548%	6.70 x	1.10 x	1.40 x
La Mesa-Spring Valley School District	6,980,000	103,210,495	95,249,907	761,815	5,675,000	7.328%	14.65 x	1.11 x	1.92 x
National School District	2,240,000	49,586,262	50,101,763	230,000	1,196,710	4.471%	23.37 x	1.10 x	1.64 x
Oceanside Unified School District	12,920,000	165,355,967	164,444,550	1,292,000	5,233,385	7.857%	13.73 x	1.10 x	1.51 x
Poway Unified School District	23,570,000	265,073,557	259,881,243	2,360,000	3,612,631	9.070%	12.03 x	1.10 x	1.25 x
Ramona Unified School District	1,910,000	55,308,149	48,256,265	6,082,180	3,259,364	3.958%	26.27 x	4.18 x	5.89 x
San Dieguito Union High School District	13,380,000	110,432,721	107,892,285	15,494,917	2,384,545	12.401%	9.06 x	2.16 x	2.34 x
San Ysidro School District	2,590,000	46,828,660	42,050,972	259,000	2,093,184	6.159%	17.24 x	1.10 x	1.91 x
Santee School District	2,840,000	69,993,101	49,259,638	556,000	1,087,975	5.765%	18.35 x	1.20 x	1.58 x
Vista Unified School District	4,390,000	202,386,155	200,740,081	19,222,433	3,700,000	2.187%	46.73 x	5.38 x	6.22 x
Total Par Amount:	**$332,260,000**				**Averages:**	**8.089%**	**17.52 x**	**1.89 x**	**2.63 x**

(1) Base Amounts exclude Note Amounts.
(2) Note Amounts have been added to each Base Amount to calculate Cash Coverage Factors.

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